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Bosnian Peace Talks Continue in Geneva

Belgrade Radio on Talks

AU0109110993 Belgrade Radio Beograd Network in Serbo-Croatian 1000 GMT 1 Sep 93

[Report by Zivojin Jerotijevic from Geneva]

[Text] Today's meeting at the Geneva Palace of Nations began with the talks that cochairmen Owen and Stoltenberg had with Alija Izetbegovic. The two international mediators are then going to meet Radovan Karadzic, president of the republic of Srpska, and Herceg-Bosnia leader Mate Boban. Bilateral meetings between Serbian and Muslim and Croatian and Muslim sides are also planned. A plenary session may be held after this, most probably later in the afternoon.

Before today's round of talks began, Lord Owen said that the question of maps is very painful and that it is going to be mutually solved by delegations in bilateral contacts. In reply to journalists' question of when he expects the negotiations (?to end), cochairman Stoltenberg said that they will not go on endlessly. It is a matter of days, Stoltenberg pointed out.

Immediately upon arrival at the Palace of Nations, Serbian President Slobodan Milosevic met the U.S. envoy to the Geneva peace talks, Charles Redman, but no details on their talks have been disclosed so far. It is clear, though, that the main topic of the talks was the offered agreement on Bosnia.

The meeting the cochairmen had with Russian Foreign Minister Andrey Kozyrev in the Russian mission ended at 1000. On this occasion, Kozyrev said that the Russian Federation supports the efforts made by Owen and Stoltenberg with a view to reaching a just solution to the Bosnian crisis as soon as possible. He added that just as others do, Russia will also try to stimulate the sides in the conflict to take advantage of the chance for peace. If they fail to do so, the nightmare will continue, something that is in nobody's interest.

The Russian Federation is convinced that the lifting of sanctions against Yugoslavia may be examined, but only when an agreement is reached and implemented.

Kozyrev reiterated that his country will significantly support the UN peace action if the Security Council accepts the plan on an additional contingent of blue helmets. No side in the conflict should count on an air intervention, or an invasion of land troops, so the only thing left to the negotiators is to reach a compromise, which means that all conflicting sides should make concessions and not expect somebody to solve their problem with military methods.

'Some Progress' Reported

AU3108195093 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 31 Aug 93

[Report by Zoran Jevdjovic from Geneva]

[Text] The Geneva talks on the future of Bosnia-Herzegovina seem to be progressing. One should still be cautious with claims as to whether the plan for the future of the future Bosnia-Herzegovina will be accepted, considering the experience hitherto with the Muslim side and Alija Izetbegovic.

After several delays, talks in Geneva finally began today. The FRY delegation arrived this morning, and this is what Serbian President Slobodan Milosevic briefly told the correspondents upon arriving at the airport:

[Begin Milosevic recording] The consistency of the international community and its representatives at the Geneva conference is now being tested regarding the realization of the main goal—to achieve peace. I hope that all the participants in the conference will endeavor to contribute to the final reaching and prompt implementation of the comprehensive political solution to the Bosnia-Herzegovina crisis. However, we will see how things go today. [end recording]

Prior to the beginning of the talks, Lord Owen warned that if these talks failed, an even worse war could follow. Like many other world politicians, he appealed for the acceptance of the plan. So, the talks in Geneva began as planned this morning at 1000 with a session that was attended by everyone except Alija Izetbegovic, who seems to have been waiting for someone's instructions. The participants and the cochairmen knew what the Muslim views were, as well as what the Muslim side was trying to set as new or renewed conditions. After two and a half hours, the talks broke off without a definite decision being reached, and Croatian President Tudjman was the first to leave the Palace of Nations with the explanation that Izetbegovic was once again the obstacle to accepting the agreement. He also said that, as far as the Croats were concerned, the signature could be put on the plan.

The Yugoslav delegation and the delegation of the republic of Srpska continued mutual consultations and held more talks with the cochairmen. The general impression is that the draft proposal should be accepted, while there is still some discussion about details—that is, whether to accept the entire plan as a package first or rather continue with ironing out, if I can say so, the misunderstandings and disputed parts.

During the break, the Yugoslav delegation and the delegation of the Serbs from Bosnia-Herzegovina did not leave the Palace of Nations, and the meeting resumed at 1500 with the Muslim representatives for discussions on practical issues. Nikola Koljevic, vice president of the republic of Srpska, and later the representatives of the Muslim delegation confirmed that there has been some

progress in the negotiations, that there could be a certain exchange of territories and prisoners, that an agreement will be reached on the opening of hot lines between the Muslim and the Serbian side, and on providing Sarajevo with basic goods, water, and other humanitarian needs.

One should also say that, even though some kind of an agreement is expected to be reached, the Muslim delegation is constantly thinking about whether to accept the proposed agreement, as what has been proposed—and reality speaks to this effect—does not represent what the Muslims would like, even though the support they have been receiving from the world for such solutions seems to be waning.

Let us also mention that UN Secretary General Butrus-Ghali and Russian Foreign Minister Kozyrev are also here in the Palace of Nations. Even though both statesmen and politicians are not here to discuss the Yugoslav crisis, one could say that a large part of their meeting was devoted to the Yugoslav crisis, particularly to the Bosnian issue, and the possibility of implementing this peace plan—that is, the Russian contribution in the number of soldiers that Moscow could send to Bosnia.

It is important to conclude here, as we could see in Butrus-Ghali and Kozyrev's address to correspondents after the meeting, that both spoke mostly about the possibility of implementing the plan, which in itself speaks in favor of the fact that the two politicians did not spend too much time debating on whether the plan will be accepted.

Sarajevo Radio on Talks

AU3108192793 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 31 Aug 93

[Report by Zoran Pirolic from Geneva]

[Excerpts] After a whole day of patient negotiating and attempts at preserving the tenuous peace process in Geneva, David Owen and Thorvald Stoltenberg [cochairmen of peace talks] were able to retain the slim threads of the negotiations in their hands. After individual talks with the delegation of Bosnia-Herzegovina and the Serbian aggressor's side, the two mediators brought both sides to the negotiating table in the afternoon hours.

On the part of our country's delegation, the talks were attended by Bosnian President Alija Izetbegovic, Foreign Minister Haris Silajdzic, and delegation member Muhamed Filipovic. The aggressor's side was represented by Serbian President Slobodan Milosevic and war criminal Radovan Karadzic and associates.

The talks opened with a discussion about the maps. Our country's delegation expressed the belief that the corrections to the maps should focus on eastern Bosnia and Bosnian Krajina. Regarding the Croats, they should focus on the issue of Neum. Milosevic retorted that he thought that it would not be productive to open the peace package, but the Bosnian delegation expressed the opinion that it would be very good for the peace process if an integral and satisfactory agreement were reached on the maps. This would contribute to the solving of other problems. It was agreed that the Bosnia-Herzegovina delegation would submit the maps with their proposal for the corrections tonight.

Both sides agreed that a general cease-fire should be secured and that hotlines should be established between the political and military leaderships in order to ensure that the cease-fire is not violated. The agreement on the opening of a corridor from Sarajevo and the establishment of conditions for the free passage of humanitarian convoys throughout Bosnia-Herzegovina was confirmed. Our delegation and the aggressor's side agreed on an exchange of prisoners on the all for all principle. In keeping with this agreement, it was agreed that tomorrow, 207 Serb prisoners from (?Parcin) would be exchanged for 207 Bosnian prisoners from Kula.

The earlier request to enable the free movement of civilians was reiterated. The aggressor's side conditioned this with [words indistinct]. It was also agreed that measures were to be taken to halt the propaganda and media war. [Passage indistinct] Crucial differences regarding the maps have not yet been resolved, and we have to be extremely (?cautious) regarding the continuation of negotiations on the controversial territories, particularly when the subject of the future Bosnian republic's outlet to the sea is broached with the Croatian side.

However, in Geneva one can feel the world's ever growing pressure to have the conflicts in Bosnia-Herzegovina halted and the peace plan finally signed. Late last night, immediately after his arrival in Geneva, President Izetbegovic received U.S. special envoy Charles Redman, who conveyed to him President Clinton's message that the United States would be a guarantor of the peace plan for Bosnia-Herzegovina. This statement comes immediately after President Clinton's announcement that he would secure U.S. troops for the maintenance of peace in Bosnia, if the agreement is just, supported by the Bosnian Government, and if his military advisers are confident that the plan can be implemented.

Today, President Izetbegovic held talks with Russian special envoy Vitaly Churkin, who, in keeping with the international policy of balanced pressure, plays a role that should not be disregarded. It was conveyed to Churkin that a Serbian republic could not be established in Bosnia-Herzegovina that would be comprised of non-Serbian territories. [passage omitted]

Two other crucial protagonists in the great international action to stop the war in Bosnia-Herzegovina are present in Geneva: UN Secretary General Butrus-Ghali and NATO Secretary General Manfred Woerner. They have already discussed NATO's role in implementing the

peace plan in Bosnia-Herzegovina. Butrus-Ghali's meeting with President Izetbegovic has been announced.

Therefore, the Geneva negotiating marathon continues with direct talks about a topic that seems to be the most difficult one: the maps of the three republics in Bosnia-Herzegovina. This was Zoran Pirolic reporting from Geneva for Radio Television Bosnia-Herzegovina.

Tudjman Views Izetbegovic Talks

LD3108223893 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 31 Aug 93

[Text] Late this evening, President Tudjman held separate talks with Alija Izetbegovic, leader of the Bosnia-Herzegovina Muslims, and Serbian President Milosevic. Following today's talks, President Tudjman made this statement for Croatian television:

[Begin recording] [Tudjman] Naturally, we primarily discussed the solution to the crisis in Bosnia-Herzegovina, the acceptance or rejection of the package proposed by the conference cochairmen. The Serbian side accepts it, and so does the Croatian side. The Muslim side has certain objections which, if not bringing the entire conference back to the beginning, certainly raise issues which have already been discussed at length.

We have held talks with the cochairmen and bilateral talks. One cannot avoid the impression that the Muslim delegation—despite the fact that Mr. Izetbegovic is expressing readiness to accept, is setting conditions which prevent the signing of the agreement.

So far, and I was told this openly by U.S. Ambassador Mr. Redman, Izetbegovic says that he accepts the constitutional principles, but he raises questions on the important issue of division. Therefore, we discussed this with both Izetbegovic and Milosevic.

With Milosevic we also discussed, of course, the problem of the UN Protected Areas in Croatia. It is well known that representatives of the local Serbs go to Belgrade, that their supplies, including arms, come from Belgrade. Clearly, the problem of Bosnia-Herzegovina is in its own way linked with solving the problem of the UN protected areas in Croatia.

We agreed that the solution proposed for Bosnia-Herzegovina, with which the Croatian and Serbian sides are more or less satisfied—the Croatian side has of course expressed its dissatisfaction concerning many issues; however, in order to secure peace and end the war, the Croats have accepted this solution—the solution for Bosnia-Herzegovina creates preconditions for the normalization of Croat-Serb relations as a whole and, therefore, for the solution to the Serbian issue in Croatia, in the framework of Croatia's constitutional and legal system. It also creates preconditions for the normalization of relations between Croatia and Serbia which would be a basis for establishing a stable international order in this part of Europe, which is in the interest not only of Croatia and Serbia, but also of all neighboring countries including Greece, Bulgaria, Romania, and Hungary which are also affected by the crisis in the territory of the former Yugoslavia and the sanctions against Serbia.

Consequently, these talks focused on how to reach agreement on Bosnia-Herzegovina now and on how gradually to solve in a peaceful way the UN Protected Areas in Croatia by a cease-fire agreement, above all. I let Mr. Slobodan Milosevic know that there will be no more talks with the Serbs of Knin outside Croatia. Talks can be held in Zagreb or in Knin, or anywhere else in Croatia but not abroad. He agreed to this.

[Unidentified reporter] Does Milosevic regard the Serbs in Croatia as a minority if your talks tonight are anything to go by?

[Tudjman] This is implied in the fact that he has agreed that Serbs in Croatia should resolve their question within the framework of Croatia by negotiating with the Croatian authorities. We have been told that in his talks with the Serbs, Mr. Izetbegovic agreed that they will sign this agreement tomorrow, that they will agree on a cease-fire, an exchange of prisoners, etc, that they reached some kind of a joint statement.

But following the talks we have conducted so far another statement has emerged. Consequently, there is no permanence in what is agreed in the morning; in the afternoon it is changed. This mainly refers to Mr. Izetbegovic's delegation. [end recording]

Tudjman Criticizes Izetbegovic

LD3108194193 Zagreb HTV Television in Serbo-Croatian 1730 GMT 31 Aug 93

[Report from Geneva by correspondent Jozo Curic; quotation marks denote recorded passages]

[Excerpts] [Curic] Late this evening it seems that no progress has been made further than what was agreed on 20 August. First the cochairmen held talks with [Bosnian President] Izetbegovic, who was the first to appear in the Palace of Nations this morning. He demanded that the territory be discussed, and arrived with his map.

[Croatian President Franjo Tudjman] "He has put demands to Croatia: access to the sea near Neum on his map—the well-known demand. Furthermore, regarding Bihac province, he demanded Prijedor and Sanski Most, but as the cochairmen told us, he has not insisted on that. In addition to his demand for access to the sea, the other main demand was for better territory in eastern Bosnia.

"The co-chairmen conveyed these demands to us, the Croatian and Serbian delegations, while Izetbegovic was absent."

[Curic] [passage omitted] Following a general discussion, it was concluded that the cochairmen would warn Izetbegovic that the Serbs and Croats do not want to alter the package accepted on 20 August.

[Tudjman] "The Croatian and Serbian delegations and Messrs Boban [Bosnian Croat leader] and Karadzic [Bosnian Serb leader] said that they have been authorized by their assemblies to accept the package as a whole if the two other sides accept it. The cochairmen consented to convey to Izetbegovic the demand for him to accept the package as a whole as well. Subsequently, Izetbegovic can hold talks with the Croatian and Serbian delegations to see whether certain changes, alterations are possible.

"The Croatian delegation of course clearly indicated that there can be no discussion of any kind of access to the sea for the Muslim republic through Croatian territory and population. All the more so because, as is known, Bosnia-Herzegovina obtained access to the sea near Neum when the residents of Dubrovnik sold the area around Neum and Sutorina to the Turks in order to protect themselves from the Venetians. In the former socialist Yugoslavia, Bosnia-Herzegovina's access to the sea remained on the Croatian territory, while the access near Sutorina was given to Montenegro. Therefore, it is completely out of the question even to consider this issue. All the more so because they have no economic reasons for this because Neum is inadequate as an economic harbor."

[Curic] The Croats will approve the agreement if the other two nations accept it as well, Croatian President Tudjman said when commenting on the beginning of talks this morning. He added that no progress has been made because of Izetbegovic.

[Tudjman] "It has surfaced again that Izetbegovic in fact does not want a political agreement. The Muslim side's orientation is to continue the war. This is obvious from the fact that Muslim units are attacking Croat towns in central Bosnia and that they have shown no interest in a political settlement."

[Curic] The Croatian president has talked with Yeltsin's special envoy Vitaliy Churkin. He has asked the Russian government to influence Belgrade and the Serbs in Croatia in order to restore peace. Maslenica has also been discussed.

[Tudjman] "I have told Mr. Churkin that I announced, through General Cot, that if the Serbs continued to attack the pontoon bridge we would launch a resolute attack on Knin itself. It seems to me that this was effective, as they have ceased to attack the pontoon bridge itself and the bridge is open to traffic. They are nevertheless carrying out provocations in some other areas. Understandably, I pointed out that the key to a solution is nevertheless held by Belgrade, by the Serbian Government, the Government of Yugoslavia; most precisely, by President Slobodan Milosevic, since we know that in recent days all or most of the military and civilian representatives of the so-called Krajina have been visiting Belgrade. In this context I repeated something I have already said at this conference, that is, if a political solution for Bosnia-Herzegovina is regarded as a precondition for a relaxation or lifting of sanctions on Serbia, then this is entirely out of the question as long as Serbia, Belgrade, and their Yugoslavia continue their aggression against Croatia not only by supplying goods but also by sending arms and so-called volunteers, specialists and military formations from Serbia and Bosnia-Herzegovina.

"I asked him to take action in this sense so that the Russian Government itself can influence Belgrade, President Milosevic, and so that his statements in favor of a political solution can be translated into reality. Consequently, those Serbs, those Serbian extremists who are evidently under his influence, he should let them know that there has been enough of this game and that Croatia can no longer postpone the solution to the Serbian question in Croatia for an indefinite period of time."

[Curic] [passage omitted] Russian Foreign Minister Kozyrev's statement—today he talked here to UN Secretary General Butrus Butrus-Ghali—that Russia will deploy its soldiers in the implementation of the agreement in the event of it beng signed is regarded by Tudjman as Russia's true policy, and as its commitment to peace and the lifting of the sanctions that are damaging the countries of this entire area.

[Tudjman] "All these countries, for their part, are appealing to the world to reach a solution and lift sanctions. This is precisely one of the reasons why I have pointed out the fact that there can be no lifting or easing of sanctions just because Geneva is in crisis. One ought to see this in conjunction with a solution for the UN-protected zones in Croatia."

Koljevic on Talks

LD3108164693 Belgrade TANJUG Domestic Service in Serbo-Croatian 1613 GMT 31 Aug 93

[Text] Geneva, 31 Aug (TANJUG)—Nikola Koljevic, vice president of the republic of Srpska, has told a group of Yugoslav journalists in the Palace of Nations that "things are moving forward" at the talks between the Serbian and Muslim sides.

In the past three hours of talks, the two sides agreed to halt military activities immediately, to establish the so-called hot lines which will make possible constant communications between the top representaties of the two sides, to begin exchanging prisoners according to the "all for all" principle, and to send an appeal to the media not to use abusive expressions.

According to Koljevic, the exchange of prisoners from the prisons in Tarcin and Kula should begin as early as tomorrow.

The vice president of the republic of Srpska also stressed that the signing of the agreement had not been discussed and noted that the Serbian and Croatian sides are ready for this.

In the course of bilateral meetings it has been suggested that the package of Geneva documents should be signed in its present form and that afterwards territories should be altered by agreement. According to Koljevic, the problem lies in the fact that it is not clear whether the Muslim side is willing to take such a course of action or whether its signature will be conditional upon alterations to the map.

Commenting on the Muslim delegation's statement which demands the restitution of territories "siezed by force", Koljevic makes it clear that Izetbegovic has not raised this question but only singled out minor corrections. According to Koljevic, the leader of the Bosnian Muslims has requested that the peace agreement for Bosnia-Herzegovina be signed tomorrow.

Owen Encouraged by Clinton's Statement on Bosnia

LD3108140793 Belgrade TANJUG in English 1348 GMT 31 Aug 93

[Text] Belgrade, Aug 31 (TANJUG)—International mediator Lord Owen said on Tuesday [31 August] that U.S. President Bill Clinton's statement on possible involvement of U.S. troops in implementing the peace plan for Bosnia-Herzegovina would considerably help the Geneva talks to embark on the road of progress.

The AFP news agency quotes Lord Owen as saying on BBC radio that this was the most positive statement that the United States had made for months.

Clinton said on Monday that the U.S. was ready to send troops to maintain peace in Bosnia-Herzegovina if a just settlement was reached, if it was supported by the Bosnian Government and if it was feasible.

A real chance now exists for reaching an agreement, said Owen and added that certain changes in the peace plan were still possible although there was no time for major alterations.

The Bosnian warring sides on Tuesday resumed negotiations in Geneva on a peace package aimed at ending the 17-month civil war in Bosnia-Herzegovina.

The Bosnian Serb Assembly last weekend unconditionally approved the package. The Bosnian Croats also approved the plan, but demanded that it be somewhat altered, while the Muslims rejected it but said they would continue negotiations.

Parties Protest U.S. Ambassador's Involvement

AU0109090793 Tirana KOMBI in Albanian 13 Aug 93 pp 1, 3

[Open letter from the Albanian Alternative Republican Party, the Albanian Popular Party, the Albanian Social-Workers Party, and the Albanian National Unity Party to U.S. President Bill Clinton, and for the attention of President Sali Berisha and Foreign Minister Alfred Serreqi: "Ryerson—Spoiler of the Image of American Democracy"]

[Text] The Albanian people and all the Albanian political forces have a deep respect and consideration for the centuries-old democracy of the United States and the standpoints and actions of the United States, the number one world power, on behalf of mankind.

We highly appreciate the contribution of the United States to the establishment of democracy in Albania and its help in this difficult time of transition through which our country is passing after the overthrow of the communist dictatorship.

Mr. William Ryerson, your ambassador in Tirana, is with his activities damaging this contribution and the very positive image that the Albanian people have conceived of American democracy and the United States with its institutions and personalities.

Mr. Ryerson, in a way not in keeping with his duties as ambassador, has plunged so deeply into Albanian political life that he has attracted epithets that are unacceptable to our public. He takes part in Democratic Party rallies, presentation ceremonies, party meetings, etc.

Intentionally or not, his activities have given rise to dissatisfaction with his personality as an ambassador, which has had a deleterious influence on the real image that the Albanian people and political forces here have of the United States.

His removal and replacement with another diplomat, possibly one who has never served in Belgrade, would strongly help to boost the Albanian people's trust in American democracy, your law-governed state, who enjoy special respect among the Albanian people and political forces.

With deep respect.
The Albanian Alternative Republican Party,
The Albanian Popular Party,
The Albanian Social-Workers Party,
The Albanian National Unity Party.

Court Convicts Ahmeti, Two Bank Officials

AU3108193593 Tirana Radio Tirana Network in Albanian 1330 GMT 31 Aug 93

[Text] At the end of the hearing on the Arsidi scandal, the judicial body chaired by Mr. Kreshnik Spahiu at 1200 today announced the taxable verdict that convicts Agron Saliu to seven years of imprisonment, Agim Tartari to six years, and Vilson Ahmeti to two years.

The verdict by the judicial body, which was read by Chairman Spahiu, states that the culprits Agron Saliu, Agim Tartari, and Vilson Ahmeti are being sentenced not for theft but for abuse of authority, which cost the state $1.6 million.

Asked by Radio Tirana whether this verdict is a loss for him, Prosecutor Sanxhaku responded negatively. This trial cannot be considered lost, he said, especially when the scandal about the Arsidi case cannot be considered as being over. The question of returning the $1.6 million that French national Nicola Arsidi took is the subject of another international trial, which should return the aforementioned sum back to Albania.

Kreshnik Spahiu, chairman of the judicial body, and Prosecutor Ilir Marku refused to provide any explanations to Radio Tirana.

Health Sector Undergoing Privatization

AU3108185893 Tirana ATA in English 1008 GMT 29 Aug 93

[Text] Tirana, August 29 (ATA)—Development of the private sector has started during the recent months in the health sector and particularly in the outpatient clinics, because the services in hospital will be also in the future under the auspices of and invested by the state. Privatization in the outpatient clinic service is based on voluntarism, hence each doctor may work privately whenever he likes. Through laws, the state encourages these doctors in free profession. The private health sector will include mostly the sectors of stomatology and pharmacies.

According to recent reports, the number of private doctors, stomatologists, pharmacists, laboratory keeps increasing. The sector of outpatient clinics is now being aided by establishment of specialized clinics with the participation of foreign specialists. Requests by different foreign companies or individuals to work in the field of medicine in Albania are also in great number.

BBC Listener Protests Use of Broadcasts

AU0109090593 Tirana RILINDJA DEMOKRATIKE in Albanian 14 Aug 93 p 4

[Letter by "BBC listener" Pavilo Koja to Tim Cooke, head of BBC Albanian Service: "Mr. Cooke"]

[Text] To the head of the BBC's Albanian Section: I am availing myself of the right you give listeners to your broadcasts to make comments as they see fit.

I began to listen to the Albanian-language broadcasts of "Radio London" (as we then called it) in the last years of the war, when I was only 13-14 years old. However, my friends and I followed your broadcasts with even greater interest in the first years and decades of the communist

dictatorship in Albania. Remember that this was a very dangerous thing to do at that time, and could cost one whole year in prison. However, the views of the BBC were for us the views of the free world and its message to communist-dominated Albania.

At that time, we closely followed the struggle of the UN forces in Korea against communist aggression and the reports and commentaries about what was happening behind the "Iron Curtain." There was not then any question of balanced reporting and comment. The BBC was unreservedly in the service of the struggle against communism.

The Voice of America played a major role at the time of the Albanian people's movement for Democracy, because you were then not on the air. We who had fond memories of "Radio London" looked forward to the resumption of your Albanian broadcasts with great interest, because we hoped that you would help the democratic forces against the remnants of communism in Albania, which are still highly virulent.

However, we head nothing of this kind in your broadcasts. As you say in you letter published in RILINDJA DEMOKRATIKE, you favor balanced views, opinions, and comments. As for the news, Mr. Cooke, we can follow it very well in Albania even without the help of the BBC. We want to learn from your programs what opinions you (or those British newspapers that make the effort to write about Albania) hold about the political forces in Albania, which ones are struggling to strengthen democracy and to revive the economy of postcommunist Albania, and which forces want at all costs to prevent them.

You have an entire team of young Albanians working with you. They know Albania well and together with your correspondents here in Albania should follow our situation realistically. We do not know according to what criteria you have selected these people, but their political convictions cannot fail to influence your programs in the direction that we expect of you. Democracy in Albania needs help, and not mental disorientation, which is a job performed very well by the leftist newspapers here in Albania.

The voices we now hear in the BBC's broadcasts are very far from the hope-giving voices of Tajar Zavalani and Anton Logoreci, etc. The voice of "Radio London" now does more to warm the hears of those who until yesterday banished you to outer darkness for listening to its broadcasts.

In your letter, Mr. Cooke, you accuse Mr. Irenova of prejudging the "Nano" case before the courts have given their verdict. However, the verdict of your journalist on Mr. Nano appears to us a malevolent prejudgment, as proved by the fact that his commentary was also published in the communist newspaper ZERI I POPULLIT.

Mr. Cooke, draw your own conclusions. However, I can also tell you that many Albanians living outside Albania, in order to keep up with the situation and the political struggle taking place here, listen to the news and comment of Voice of America and the BBC in Albanian, because Radio Tirana is not respected.

I have worked as a teacher, and thus have been remote from journalism. However, I think that you will give me the right to give my opinion about the value of your broadcasts. Otherwise, Mr. Cooke, if you judge me to be ignorant, as you judge Mr. Irenova, I have the right to ask you: For whom do you speak? And do you think that the consolidation of democracy in former communist countries requires help?

Berov, Ministers Meet With Truck Drivers

AU3108203693 Sofia BTA in English 1937 GMT 31 Aug 93

["Today"—BTA lead]

[Excerpts] Sofia, August 31 (BTA)—The collegium of the Ministry of Agriculture adopted a draft plan for solving the problems in pig, poultry and fish breeding—the three agricultural branches experiencing the greatest difficulties. The draft, providing for urgent measures to stabilize these three branches, will be moved for approval in the Council of Ministers.

Prime Minister Lyuben Berov, the ministers of transport and of labour and social affairs and representatives of the Podkrepa Labour Confederation and the Confederation of Independent Trade Unions in Bulgaria met here today with representatives of the branches of the SO-MAT international road haulier. The meeting was at the request of the SO-MAT branches throughout the country in connection with the strike of the Khadzhi Dimitur branch of the haulier in Sofia which staged civil disobedience, blocking downtown Sofia with TIR [International Road Transport] trucks for several hours last Friday. The demand of the Khadzhi Dimitur branch for legal independence is not supported by the managers of the other branches, who insist on preserving the integrity of the company.

The Independent Drivers' Union in Bulgaria protested today against reports of planned sanctions against the drivers of SO-MAT international road haulier who staged civil disobedience on Friday. In a special declaration received at BTA, the Independent Trade Union of Drivers expresses solidarity with all actions undertaken by the SO-MAT truckers and stresses that they were prompted by the inertness of the government.

By verbal note received at 1600 hours on August 31, 1993 the Turkish Government informed the Bulgarian authorities that the release of water to Turkey from the Bulgarian Zhrebchevo dam should stop within 48 hours in accordance with an agreement signed between the two countries, the National Waters Council informed BTA. Representatives of the two countries will meet to specify the quantity of released water, the announcement reads. In mid-August Bulgaria and Turkey agreed that Bulgaria export 40 million cubic meters of water for which it will be compensated.

At a joint session today the supreme leadership of the Bulgarian Socialist Party (BSP) and the leadership of its parliamentary group discussed the legislative priorities of the BSP and coalition parliamentary group in parliament's autumn session as well as the activities of the government in implementation of the agrarian reform, Mrs. Klara Marinova, spokesperson of the parliamentary group, said on the national radio. This autumn the Socialists' parliamentary union will give priority to the stabilization of the democratic process, the social orientation of the economic reform and the guaranteeing of national interests, Mrs. Marinova said.

Four prosecutor-ordered investigations have been launched into the construction of illegal television relay stations in the region of Kurdzhali (southern Bulgaria), the local BTA correspondent reported. There is data about diversions of state funds for their construction without the sanction of the Information and Communications Committee. [passage omitted]

In an interview for the private Darik Radio Station, Mr. Dimitur Curnomarov, now former deputy floor leader of the opposition Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Union in the Macedonian Parliament, confirmed the radio's report that he was relieved of his post and criticized for his visits to relatives in Bulgaria during which he underwent medical treatment.

A military delegation led by Deputy Defence Minister Khristo Tomov, who is chief of the Military Economic Directorate, left for Moscow today, the Defence Ministry press office announced. The delegation will negotiate combat equipment deliveries for the Bulgarian Army with specialized Russian departments and will visit the aviation technology exhibition in Moscow. The delegation includes senior military officials of the Defence Ministry and chiefs of military enterprises, the press release says.

The retail prices of the commodities monitored and controlled by the Council of Ministers went up by 0.21 percent in the second half of August, according to the national statistical institute. The prices of flour marked the greatest rise—between 3.48 and 3.71 percent. [passage omitted]

Proceeding from the conclusion of a medical expertise, the Prosecutor General's Office decided today that former communist statesmen Georgi Atanasov and Stoyan Ovcharov can be imprisoned to serve their sentences of ten and nine years respectively, the spokesman of the Prosecutor General's Office announced. The two of them were found guilty of state funds embezzlement. According to the national radio, Mr. Atanasov and Mr. Ovcharov are expected to enter prison within two days. They had both applied for postponement of the serving of their sentences on grounds of poor health but the Prosecutor General's Office declined their requests. [passage omitted]

Government Sets Prices for Liquid Fuel

AU3008203293 Sofia BTA in English 1830 GMT 30 Aug 93

[Text] Sofia, August 30 (BTA)—At a regular meeting today, the cabinet decided to levy an aggregate income tax on the incomes of Bulgarians sent to work abroad by Bulgarian companies, as of September 1, 1993. So far, these have been exempt from income tax. Under the

decision, the only concessions, which will apply to Bulgarian workers abroad, would be ones envisaged in agreements for the avoidance of double taxation between Bulgaria and the respective state.

The cabinet obliged Trade Minister Valentin Karabashev and Agriculture Minister Georgi Tanev to submit within two weeks a project for the transformation of the state-owned Bulgarplod-Sofia, into a single-person limited liability company. The company trades in fruits and vegetables and has 12 warehouses throughout the country. Today the cabinet revoked a 1992 Council of Ministers Decree, handing over the property of the company's Sofia branch to the Sofia Municipality.

The cabinet turned down a proposal to set up a commission to consider and possibly classify documents from the archives of the Bulgarian Socialist Party [BSP] (the former communists). The BSP recently handed its archives over to the government. These documents were not classified and the law says they are accessible to everyone, but, generally, access to them has been strongly limited. The cabinet recommended to the BSP to consult the Interior, Defense, Justice and Finance Ministries, in case they think a publication of a document would reveal a state secret.

The cabinet approved agreements to avoid double taxation with Ukraine, Algeria and Moldova.

The cabinet tomorrow will hold an extraordinary meeting to pass a draft decision on bad corporate debts.

The cabinet today set ceiling prices for liquid fuels for the period from September 1 to 15. A 98 and A 96 petrol go up by 0.40 leva (less than two cents) and other kinds of petrol by 0.20 leva. Diesel fuel rises by 0.20 leva and gas oil for industrial and household needs by 0.07 leva.

Minister on Grain Imports, Debt Issues

AU3108122793 Sofia STANDART NEWS in Bulgarian 25 Aug 93 p 3

[Interview with Finance Minister Stoyan Aleksandrov by Khristo Khristov; place and date not given: "We Will Probably Import Grain To Lower Speculation Prices"]

[Text] [Khristov] Are companies that purchased a great amount of grain, hoping that the export ban will be lifted, justified in their hopes?

[Aleksandrov] Personally, I am against it, and despite our limited foreign currency possibilities we will probably adopt a decision to import grain in order to lower the high speculation prices in our market.

[Khristov] On Thursday [2 September] the government will discuss your draft on wiping out bad debts. Are you prepared?

[Aleksandrov] Yes, we reached an agreement with the Bulgarian National Bank. We propose to cancel credits and interest to the tune of 65 billion [no currency specified] through until now. They will be turned into leva and dollar bonds. Next year's budget will be burdened by interest of 7 to 8 billion leva.

[Khristov] Let us return to an old idea of yours about taxing the bank deposits' interest.

[Aleksandrov] The previous Cabinet did not accept my idea, because its members were afraid that such a decision would cost votes. Interest is taxed throughout the world. At present bank deposits amount to more than 70 billion. The value of the money is eroded by inflation. Depositors will only profit if this money joins the turnover.

[Khristov] The Law on the Budget is being implemented, but regulations on its implementation have not yet been adopted and there are no specific instructions on its implementation.

[Aleksandrov] The instructions are ready and the law is absolutely clear. We strive to stop the vicious practice according to which state companies pay wages but do not pay their taxes and obligations. Their leaders should know that if this practice continues they will be fired.

Yordanov on Domestic Conflicts, Early Elections

AU3108062793 Sofia TRUD in Bulgarian 24 Aug 93 p 5

[Second of two installments of interview with Aleksandur Yordanov, chairman of the National Assembly, by Valeria Veleva; place and date not given: "It Is a Delusion To Believe That Bulgarians Are Divided, the New Political System Is Uniting Them"—for first installment see FBIS-EEU-93-167, p 8]

[Excerpt] [Veleva] Mr. Yordanov, we know what happened after President Zhelev's "famous Boyana meadows" news conference of 1992. Are last year's events likely to be repeated?

[Yordanov] I do not know whether the government will fall, but I am convinced that early elections are to be expected. I have said so for a long time, even in my statements abroad. As a matter of principle, under such difficult circumstances, public thinking is ahead of the formula according to which parliament was elected and exists today. The same happened in the other former socialist countries, where demands for early elections are also heard. In Bulgaria, the case is further complicated by the attempt to restructure the political landscape in parliament. As soon as the attempt became visible, I was one of the first to declare that, under the circumstances, early elections are the only possible solution. The only difference between my view and that of my colleagues is my request that the time between the parliamentary crisis and the early elections, as well as the start of the new parliament, should be as short as possible. If the period is too extended, by six months or more, I simply would not like to be in the future prime minister's place. He will have to face numerous, extremely difficult problems. In this context, I think that, as early as this

autumn, parliament should fully realize the necessity of holding early elections in Bulgaria. I have read the statements of various politicians carefully, and I am convinced that the view that elections are the only salvation for the country already prevails within the Union of Democratic Forces [SDS]. This salvation, however, should make it possible to obtain a solid majority of democratic forces in a future parliament. Without such a solid majority, which should be right-wing centrist, it is difficult to imagine the real implementation of reforms in Bulgaria and the further development of the legislative process would be impossible. The danger that the country may remain stagnating at the crossroads exists. It may happen that Bulgaria would neither be able to proceed toward the market economy, nor go back to the previous system [of planned economy]. This would be the most dangerous situation.

[Veleva] Is the SDS capable of preparing for elections within such a short period of time?

[Yordanov] The SDS is always ready for elections.

[Veleva] Is it ready, despite the well known processes currently underway in the coalition?

[Yordanov] The SDS is always involved in such processes, because it is a living organization. Only a dead body does not undergo any processes. Hence, I am eager to see something going on within the Bulgarian Socialist Party [BSP] that would prove that the party is finally alive.

[Veleva] Is there some kind of improvement in the relations between President Zhelev and certain SDS circles?

[Yordanov] You are asking a difficult question. The SDS still adheres to its unmistakable stands on principle. The president should come closer to these stands. As you see, the president's comments on the issue of agrarian reform, on the liquidation councils, on the agricultural cooperatives, and on the problem of ideal land property boundaries—on everything related to the present situation in the Bulgarian rural areas, which is practically an attempt to halt the reform—actually draw the president closer to the SDS. The SDS continues to take the same stand, hence we are expecting Dr. Zhelev to make the next move. [passage omitted].

Press Comments on Misreporting of Ikonomov Visit

AU0109101593 Sofia BTA in English 0832 GMT 1 Sep 93

[From BTA press review]

[Text] Sofia, September 1 (BTA)—For the first time in 73 years, a Bulgarian government official visited the Western Outlands (Bulgarian territories lost to Serbia under the 1919 Treaty of Neuilly), the papers emphasize in connection with the visit to Bosilegrad by which Bulgarian Deputy Foreign Minister Dimitur Ikonomov ended his tour of several ex-Yugoslav republics. In Bosilegrad, Mr. Ikonomov conferred with the chairman of the local council Sotir Sotirov and other local economic executives and cultural figures. The Bulgarian diplomat was familiarized with the situation in the municipality and the problems of the local predominantly Bulgarian population. The deputy foreign minister also held talks with the main committee of the Democratic Union of Bulgarians in Yugoslavia, the first political organization of Western Outlanders, the DUMA correspondent reports.

Press dispatches and comments on this visit are unanimous that the Serbian mass media misreported the statements of the Bulgarian deputy minister. "In Belgrade, the Bulgarian deputy minister voiced concern over Bulgarians in Yugoslavia, whereas it is alleged here that he is pleased with the treatment of the Bulgarian minority," Eli Yurukova reported to DEMOKRATSIYA from Belgrade. "The Bulgarian diplomat reminded his hosts in so many words that the question of the rights of the Bulgarian population in eastern and southeastern Serbia will largely determine the future of Bulgarian-Yugoslav and Bulgarian-Serbian relations. Instead, the media tried to suggest that he all but expressed satisfaction with the condition of Bulgarians in the Western Outlands," writes DUMA in its editorial comment. "Belgrade Seeks Propaganda Points" is the heading under which OTECHESTVEN VESTNIK, runs its dispatch. "The Serbian media coverage of Dimitur Ikonomov's visit to Belgrade does not present accurately the Bulgarian position set forth during the talks," the despatch says. The same opinion is expressed in the reports and commentaries of DUMA, DEMOKRATSIYA, and STANDART NEWS. "It was not exactly fair to omit the essence of the Bulgarian stand, the way it was expounded by the Bulgarian deputy foreign minister: that Bulgaria sees the sanctions as a political means for the settlement of the Yugo-crisis and that, in its capacity as UN member, it strictly honours the commitments it has assumed in connection with the sanctions despite the exorbitant price it is paying for that. Instead, the Belgrade press tried to suggest that Sofia is all but going to initiate an abolition or at least relaxation of the sanctions, something which no one has declared, at least not on behalf of Bulgaria," writes DUMA in its comment.

The papers run conflicting reports on a possible meeting between the Bulgarian and the Serbian heads of government. "Belgrade ready for Berov-Kontic meeting" is the headline of the DEMOKRATSIYA report. For his part, the OTECHESTVEN VESTNIK correspondent writes that "for the Bulgarian public, it is particularly important to know that our diplomat did not at all raise the matter of a meeting between Prime Minister Lyuben Berov and Yugo-premier Radoje Kontic." According to STANDART NEWS, Mr. Ikonomov did not answer categorically whether he had discussed a prime ministers' meeting during his visit to Belgrade. "Sofia is open to dialogue with all its neighbours," the deputy minister said.

SDS Leader Confirms Support for Embargo

AU3108161093 Sofia BTA in English 1441 GMT 31 Aug 93

[Text] Sofia, August 31 (BTA)—The Union of Democratic Forces (SDS) is for the strict observation of the

embargo against Serbia and Montenegro, SDS leader Filip Dimitrov said at a press conference here today.

This special statement by Filip Dimitrov was prompted by views and stands expressed by politicians and intellectuals recently that Bulgaria should not observe the embargo strictly because of the great economic losses which it is suffering. Late last week Mr. Nikolay Slatinski, MP of the SDS and chief of the parliamentary National Security Committee, came out with an article saying that Bulgaria "should throw off the policy of dutiful obedience and state out loud that it would not observe the embargo." SDS leader Filip Dimitrov stressed today that Slatinski's article has nothing to do with the stand of the SDS and that he would be held to account.

"It should be made clear to all that Bulgaria is facing serious problems as a result of the embargo and that there are forms and ways for mitigating them," Mr. Filip Dimitrov said.

Cuban Ambassador on Normalization With U.S.

AU3108112993 Sofia VECHERNI NOVINI in Bulgarian 25-26 Aug 93 p 3

[Interview with Luis Filipe Vasquez, Cuban ambassador to Bulgaria, by Mariya Angelova; place and date not given: "Will U.S.-Cuban Relations Improve?"]

[Text] [Angelova] There have been commentaries in the foreign press about Cuban diplomatic activity, including the appointment of Roberto Robaina to the post of foreign minister, aimed at arranging an eventual summit meeting between Cuba and the United States. The ever stronger voice of the world democratic public in support of normalizing relations between the two states would facilitate such a meeting. What do you predict?

[Vasquez] Yes, certain foreign media sources have hinted about a change in Cuba's foreign policy after the appointment of Roberto Robaina. Robaina is someone capable of conducting fruitful dialogue. He is very flexible in relations with foreigners and a real leader of the masses. His appointment must be seen under the light of a practice that pursues the appointment of young people to leading posts. This includes the post of foreign minister, with its great importance for a country whose foreign policy has occupied such a large role in its fate. We replaced 50 percent of our leadership and promoted many young people. The executive secretary of the Council of Ministers also is a young person. There are even younger people at the national, district, and municipal levels.

However, relations between Cuba and the United States cannot be connected with a single person. The history of those relations goes back to the time of the struggle in Sierra Maestra and to the time when we distributed land among those who worked in agriculture. If we go even further back in time, to the period when the Cuban people emerged as a nation and demanded their independence, we would establish that the United States simply wanted to replace Spain in its role as ruler of Cuba.

We always said that relations between the United States and Cuba are where they are today because of the United States. We are a small island that does not represent a danger to anyone. This is even more true today, when we have such difficulties. Precisely because of that, we are simply waiting for the United States to approach us as equals. We are "open" to any measure or process that might facilitate normalization of our relations. However, this must be based on mutual respect; respect for our sovereignty and right to self-determination. We will never consider our principles open to negotiation or compromise.

Air Force Commander Complains of Fuel Shortage

AU3108181093 Sofia 24 CHASA in Bulgarian 26 Aug 93 p 13

[Interview with General Mikho Mikhov, commander in chief of the Bulgarian Air Force, by Lyubomir Denov; place and date not given: "Fuel Shortage Is Likely To Ground Our Air Force"]

[Excerpts] [Denov] General, is it true that our military Air Force has remained without kerosene?

[Mikhov] Over the last four years, the Bulgarian Air Force has suffered from various shortages. Under the conditions of strict economic savings, the training of Air Force personnel might be guaranteed until the end of September 1993. The shortage of fuel and special liquids, however, is likely to cause serious problems during the months of November and December. It is unnecessary to point out that it is risky and dangerous to fly under difficult weather conditions without a sufficient amount of fuel and without proper control.

I must admit with regret that cases of misappropriations are also observed within the Air Force, but we have adopted an uncompromising attitude in this respect. [passage omitted]

[Denov] Is the manpower turnover in the Air Force continuing?

[Mikhov] Fortunately, the turnover among Air Force personnel is subsiding. The same trend can be noticed in the other branches of the Military Air Force, such as air defense personnel, signal men, and radio technicians.

In 1993, we had an exceptionally high number of applicants for the pilot training at the Air Force school. Ten people were competing for one place. Only young people with high educational credentials and excellent health records were accepted.

[Denov] Following the provocative publications on "the purge in the Army initiated by the General Staff and the Ministry of Defense" the personnel of the Military Air Force increased by 1.3 percent. What is the meaning of such figures?

[Mikhov] As I believe, the military pilots are the most valuable assets of the Bulgarian Army. Only a few people realize that their number is still insufficient. I do not

question their qualifications. They are serious men who are permanently trying to cope with the strict requirements of their profession and the shortage of fuel, as well as with the insufficient number of aircraft. [passage omitted]

[Denov] General, can you say that our Western border is quiet, considering that a war is waging a few hundred kilometers from Sofia?

[Mikhov] Our Western border is relatively quiet. However, more than 1,000 aircraft are flying, day and night, over our territory. We, the Military Air Force, together with Air Traffic Control, are in charge of establishing who is a violator of our air space. There have been such violations, and they still exist, but they cannot be defined as acts of aggression.

It is strange that breaches of the regulations for domestic flights occur much more frequently, but the sanctions for them are minimal.

On Sunday, 22 August, for example, an agricultural aviation helicopter from the town of Benkovski violated the domestic flight regulations and landed without permission in Plovdiv. The reason for this breach of the rules was a wedding party! [passage omitted]

[Denov] Why is the adoption of the Defense and Armed Forces Bill still being delayed? Is the Ministry of Defense responsible for the postponement?

[Mikhov] No. As a matter of fact, the Ministry of Defense drafted the bill on time. For the last few years, all its departments have been involved in the project. I cannot understand who is interfering with its final version and for why they are doing so.

Nevertheless, it is a fact that the bill is being delayed. I ask myself why it is so. I am really ashamed of the stormy ovations with which the Bulgarian Army's commanding staff greeted the announcement that the bill shall be submitted to parliament by the end of May. It was evidently not explained which year was meant.

Nevertheless, I am convinced that the majority of our parliamentarians are not familiar with military affairs. It would be a good idea to publish the text of the bill, even if only in the military press. This would help the National Assembly members to get really acquainted with the texts reflecting the views and ideas of all professional militaries and civilians that represent the human and economic potential of our Army. There can be no more popular and no more important bill for our country.

Such an approach is likely to guarantee the viability of the Defense Act and to promote the reform in our Army. As a matter of fact, the reform is really underway and it is simply outrageous to assume that the Ministry of Defense, the General Staff, and the branch commanders are obstructing the reform.

There were numerous fake and phony reforms, several attempts at restoration, and so forth. Minor operations of a despicable nature have been attempted. However, operations such as those called "back-stabbing," "a wedge," and "mutually compromising plots," can hardly help the generals, or the Army as a whole. My colleagues and I are dealing with more important operations. They are of a strategic nature and are solely devoted to our country's defense.

Business Official Views Trade With Macedonia

AU0109111193 Sofia KONTINENT in Bulgarian 28-29 Aug 93 p 2

[Report by Suzana Korueva]

[Text] Sofia, 27 August—Commodity exchanges with Macedonia are doubling in volume, thanks to the initiative of companies, and trade is several steps ahead of government decisions. Bozhidar Bozhinov, chairman of the Bulgarian Chamber of Commerce and Industry, declared this following a visit to our neighbor. The lists of goods and the companies interested in Bulgarian-Macedonian trade links have already been agreed upon.

Nevertheless, there is still no correspondent network between the Bulgarian Balkanbank and the Economic Bank of Macedonia—the two banks that will underwrite deals and grant credits. For this reason, at the moment payments are made either in cash or by means of barter. Bozhinov announced that next week a direct computer line will start operating, handling inquiries and offers.

Many foreign companies that used to have production facilities in Macedonia have moved them out of the country because of the embargo. Now is the time for our companies to fill this vacuum, Bozhinov declared, but they need support from the state. At a meeting in Macedonia agreement was reached on opening stores selling Macedonian goods in Bulgaria, thus cutting out the middlemen, who increase the prices several times over.

Bozhinov said that the government should take action to deal with the kilometer-long lines of vehicles at border crossings, because the primitive system used at the border checkpoints leads to bad treatment of both Bulgarian and foreign citizens and creates a bad impression of the country.

Article Views Trade Relations With Turkey

AU3108185493 Sofia STANDART NEWS Supplement in Bulgarian 25 Aug 93 p 9

[Article by Savas Orhan Ozioldas, candidate of economic sciences: "Bulgaria Has a Positive Trade Balance With Turkey"]

[Excerpts] Bulgaria and Turkey have all the necessary conditions and prerequisites to develop their economic, trading, financial, scientific, and technical relations. [passage omitted]

Main Parameters of Cooperation From 1980 to the Present

The two countries have traded for many years and their trade has increased steadily. During the period from 1980 to 1992, the mutual goods exchange between Bulgaria and Turkey had a value of $1,282.8 million. Of this amount, Bulgarian exports to Turkey accounted for $963 million, while Turkey exported $320 million worth of goods to Bulgaria. Here, one observes a trend for Bulgaria to have a positive trade balance in bilateral trade, notwithstanding certain fluctuations. The figures for 1987, 1988, and 1989, during which Turkey had an total positive balance of $47.9 million, were exceptions to this trend. These were the years of confrontation, connected with the totalitarian regime's repressive policy regarding the names of Bulgarian citizens of Turkish origin. However, the trend resumed toward the end of 1989, after the collapse of the regime and the elimination of the confrontation. Accordingly, during the period from 1980 to 1992 inclusive, Bulgaria's positive balance of trade with Turkey reached $690.1 million. The private sector's share of Bulgarian-Turkish trade reached 20 percent in 1989, as compared with almost nothing in 1989, and shows a tendency toward further growth. A number of observers have pointed out that the commodity exchange between the two countries has real and potential possibilities of reaching $1 billion in the near future.

Mutual Trade Between Bulgaria and Turkey
(in millions of U.S. dollars)

Year	Bulgarian Exports to Turkey	Turkish Exports to Bulgaria	Total	Positive Balance for Bulgaria	Positive Balance for Turkey
1980	135.6	12.4	148.0	124.2	—
1981	57.5	9.9	67.4	47.6	—
1982	60.0	17.1	77.1	42.9	—
1983	99.5	20.3	119.8	79.2	—
1984	121.1	24.1	145.2	97.0	—
1985	98.8	7.7	106.5	91.1	—
1986	41.5	14.9	56.4	26.6	—
1987	9.3	14.5	23.8	—	5.2
1988	9.4	28.1	37.5	—	18.7
1989	3.0	27.0	30.0	—	24.0
1990	18.9	10.4	29.3	8.5	—
1991	139.9	76.0	215.9	63.9	—
1992	167.5	58.4	225.9	109.1	—
Total	963.0	320.8	1,282.8	690.1	47.9

Note on sources: [expansions of abbreviations not known]
TOBB, Economic Report, Ankara, 1989, 1991.
TOBB, Iktisadi Rapor, Ankara 1985, 1988.
IGEME [Turkish Center for Stimulating Exports]) Press Release, Ankara, May 1993.
DIE, Aylik Istatik Buletini, Ankara, Osak 1993.
ISO, Bankaclik, Istanbul 1990.
Cumhuriyet, Istanbul, 1990, 1992.

Bulgarian exports to Turkey comprise machinery, chemical fertilizers, chemical industry products, meat, cheese, curd cheese, sunflowers, other food products, raw and tanned hides, nonferrous metals, tools, and other goods. Turkey's exports to Bulgaria consist of food products, boilers, machinery, textile products, raw cotton and cotton thread, chemical products, electrical machines and apparatus, vehicles, paints and varnishes, olives and olive oil, Mediterranean fruits, sugar, bread yeast, and hazelnuts. [passage omitted]

During the last two years, a number of mutual visits by official delegations from the two countries have led to the signing of agreements on the following: creating a free trade zone on the Bulgarian-Turkish border; expanding the exchange of information on the use of concessions in free trade zones; organizing business weeks; production-sharing in the energy field (for example, Turkey is ready to offer and install electrical and mechanical equipment for hydroelectric plants of up to 50 Megawatts capacity in Bulgaria); the joint utilization of facilities and possibilities for shipbuilding in Varna and Istanbul; production-sharing in transportation, the export of live animals and animal products; the mutual use of experience in tourism, exchanges of experts, joint publications, and investments from Turkey to modernize the Bulgarian tourist industry; special Turkish investments in Kurdzhali and Razgrad (for which $200 million are earmarked in 1993 and 1994); the development and modernization of telecommunications networks; the integration of the two countries' transportation and communication systems with the corresponding world systems; facilitating contacts in the border regions and between the two customs services; the avoidance of double taxation; the mutual protection of investments; technological cooperation in the fields of licenses, patents, and know-how; setting up joint enterprises between partners from each country; and joint entry into third markets.

In 1991, Bulgarian and Turkish businessmen set up a Bulgarian-Turkish Business Council in Sofia. By March 1993, 280 firms and businessmen had joined this organization. It maintains contacts with IGEME (Turkish Center for Stimulating Exports), from which it receives offers for Bulgarian partners.

In 1993, six townships in Turkey and Bulgaria signed agreements for regional cooperation in the fields of tourism, culture, and sports. The chambers of commerce and industry are also developing active contacts. In 1993, they reached accords under which two joint organizations will be set up in this field. One of these is the Bulgarian-Turkish Chamber of Commerce and Industry, which will aim to encourage direct links and business contacts between the two countries. The second will be

regional in nature, covering the towns of Lovech and Svishtov in Bulgaria and Tekirdag and Corlu in Turkey. It will be set up by the chambers of commerce and industry in the towns mentioned. The Thracian University in Tekirdag will also render assistance. The chambers of trade in Khaskovo and Izmir are also maintaining close links.

During the last three years, Bulgaria and Turkey have made enormous strides in almost all the fields of their bilateral relations. A completely new stage is thus emerging in Bulgarian-Turkish economic, financial, trade, scientific, technical, and cultural cooperation. There are good grounds for asserting that this cooperation, of exceptional importance for both nations, will increase even more in the coming years and will make a great contribution to their economic and social progress, as well as to the stability and security of the two countries and the region as a whole.

Klaus Comments on Integration Into NATO

LD0109092393 Prague Radiozurnal Radio Network in Czech 1600 GMT 31 Aug 93

["Regular Tuesday interview" with Czech Prime Minister Vaclav Klaus by unidentified correspondent in Prague on 31 August—live or recorded]

[Excerpts] [Passage omitted] [Correspondent] Boris Yeltsin indicated that Moscow would not oppose the integration of our republic into Europe and its integration into NATO. [passage omitted]

[Klaus] I have to admit that I would not even dream of asking President Yeltsin about this issue. [passage omitted]

Whether we want to join NATO is in my view exclusively our and only our decision. Thus the issue is not whether somebody will or will not allow us to do so, the issue is rather what our vision of Europe's future security is.

What is evident in this context is that NATO, which was formed in the bipolar world of the past, has become a bit outdated. It is intensively looking for its new purpose, for its enemies, we might say. I think that its search is not yet over.

At present a number of competing, alternative security initiatives have emerged. In Europe there is a great number of institutions that are dealing with this issue. It is above all the Helsinki process resulting in the Conference on Security and Cooperation in Europe.

There is yet another plan on the horizon—the French Premier Balladur plan on the new European conference on security. There is a danger that there will be too many conferences which will overlap. [passage indistinct]

What will NATO's role become? This is something to be considered in future. As far as the Czech Republic is concerned, in my view the cornerstone of our foreign policy orientation is, and will be, the fact that we do belong to Europe but at the same time that we are confirming our attitude to the United States. This is why we do emphasize on purpose the two poles, two shores of the Atlantic. I think, we think this makes sense for Europe as such, too. Only the future will show what happens next.

Reports on Visit to Sweden

LD3108161993 Prague CTK in English 1154 GMT 31 Aug 93

[Text] Prague, August 31 (CTK)—Czech Premier Vaclav Klaus said today that his visit to Sweden had contributed to promoting Czech-Swedish relations, though economic contacts are not yet on the desired level, but they are developing very dynamically.

Speaking after his return from a three-day visit to Sweden, Klaus said that the two countries had much in common, including the distribution of political forces, the process of internal political and economic transformation, as well as efforts at integration into European structures.

Klaus thinks that the Czech Republic has faded a little bit from the front pages of world's dailies. On the one hand this is good because it means that everything is developing normally in the country. On the other hand, it is necessary to do something (for the Czech Republic) to be more visible in the world, he pointed out.

During the visit, Klaus met his Swedish counterpart Carl Bildt, Foreign Minister Margaretha Af Ugglas, and other political, economic and academic leaders.

Views French Security Ideas

AU0109131593 Prague TELEGRAF in Czech 28 Aug 93 pp 1, 3

[Interview with Prime Minister Vaclav Klaus by Viktor Krejci, in Prague on 26 August: "Pan-European Bureaucrats Are Looking for an Enemy"]

[Text] French Defense Minister Francois Leotard paid a visit to the Czech Republic this week, during which he also met with Prime Minister Vaclav Klaus. Immediately after their meeting, we asked the prime minister for an interview.

[Krejci] Mr. Prime Minister, what was the subject of your talks?

[Klaus] I had, with Mr. Francois Leotard, the new French minister of defense, one of the best talks I have experienced since becoming prime minister. For many years, Mr. Leotard used to chair one of the three components of the right-wing party UFP [as published] [expansion unknown], which now forms part of the French coalition government. The conversation concerned Europe, traditional economic and political issues, and security.

The French initiative to create a new conference on stability and security in Europe was a very important topic of this conversation. I put forward a number of counter-arguments to this proposal. First of all, the question needs to be asked how this conference would interact with already existing European institutions. We already have European Parliaments, Councils of Europe, the CSCE, and this would be yet another conference. We, however, are enemies of pacts, conferences, and institutions and are a bit worried that the implementation of this proposal would water down the entire process.

The second question of principle is: Against whom would this conference on stability and security be directed? Who would be the enemy in the present situation, given the fact that the external enemy that was visible and palpable for the West has more or less disappeared with the fall of communism? Western Europe is now in the process of searching for a new enemy and I am therefore a bit worried that it could start

looking for it within individual countries and that someone might feel entitled, from the pan-European perspective, to label internal developments in one country as good and in another country as bad.

Europe's bad conscience over developments in former Yugoslavia is not solvable by the creation of some supra-European institution that would signal in advance that developments in this or that country are heading toward an internal conflict. Could, for example, this supranational institution say beforehand that the division of Yugoslavia is a priori bad and the division of Czechoslovakia a priori good? That Czech and Slovak politicians will be able to handle the partition process, in which case there is nothing wrong with it, while Yugoslav politicians will not be able to handle it? Who will be giving marks for this? Which group of bureaucrats, seated where? The entire debate was extremely inspiring for me from this viewpoint.

[Krejci] On what did you agree?

[Klaus] We were in agreement regarding our views on the transformation of this part of Europe, on European institutions and the solution of the Czech Republic's participation in them, and on the necessity and urgency of a palpable opening of markets. I believe that Minister Leotard is on the side of those Western politicians who would advocate a significant acceleration of these processes. Nonetheless, he drew my attention to various, often conflicting, pressures against these matters—on the French side, particularly to the considerable pressure and strength of French farmers.

Zieleniec Offers Personnel Carriers to UNPROFOR

LD3108140093 Prague Radiozurnal Radio Network in Czech 1300 GMT 31 Aug 93

[Text] Czech Foreign Minister Josef Zieleniec met with Canadian General John MacInnes, a representative of the UNPROFOR [Un Protection Forces] commander in chief, in the UNPROFOR Command in Zagreb today. During the meeting he reiterated the Czech Republic's offer to sell 100 armored personnel carriers to UNPROFOR. The decision is up to the UN headquarters in New York. The Czech Republic is also able to fill the post of commander of Sector South with the premise that the changeover should take place in spring of next year.

The Czech UNPROFOR battalion could be expanded from the present 500 men to 1,000 men. According to Josef Zieleniec, after approval by the Czech parliament, this measure could be implemented within three months. Just as in the case of the present Czech unit, candidates will be selected from the ranks of reservists.

Minister Lux Discusses Agrarian Policy

AU0109093493 Prague HOSPODARSKE NOVINY in Czech 30 Aug 93 p 6

[Interview with Minister of Agriculture Josef Lux by Peter Misur; place and date not given: "Support From the Government Is Unavoidable"]

[Text] Aggregate losses of agriculture exceeded the sum of 20 billion korunas [Kc] over the last two years. The volume of subsidies declined from a total of Kc30 billion in 1989 to less than one-third of that sum. The agricultural labor force declined by 300,000 since 1989. At the same time, all these trends continue. In defiance of this, so far we have not witnessed any manifestations of a really united and decisive farmers' protest. Is this because of the political success of agrarian reform, a consequence of the advanced state of the liquidation of peasantry as a social group, or should it serve as a challenge to analyze the situation and take the requisite measures? This was our [first] question for Josef Lux, Czech deputy prime minister and minister of agriculture.

[Lux] In 1989 Czech agriculture exceeded, by its dimension, our needs. Supply significantly exceeded demand and the high level of subsidies led to an inefficient management of resources. Moreover, excess production was destined for the east, which was a market that fuelled inflation. The liberalization of prices, the abolition of the negative turnover tax, the loss of traditional markets for our products, and the significant drop of internal demand for food were all factors that brought decisive pressure to bear upon agriculture as a whole. It was precisely this pressure that, in the final analysis, had a fundamental impact on structural changes in agriculture, some of the elements of which you mentioned. Yet it also needs to be seen that primary agricultural producers have shed the decisive part of their inefficient activities and, thereby, excess manpower and unproductive inventories. The changes that have taken place have thus been essentially positive. In view of the scope and depth of those changes, I dare say that they even surpassed the transformation in industry, particularly in large enterprises.

[Misur] In spite of this, they have taken place without any major social shocks.

[Lux] Those 300,000 people who left agriculture had their chance on the labor market, especially in view of the persistently low level of unemployment, caused by the fact that large industrial enterprises have not yet changed their conduct. This situation cannot last forever, however. It also needs to be said clearly that, even though there exists no general crisis on the labor market, there exist quite major regional problems. Within the framework of my department, we are trying to address them by means of regional programs, for which almost 230 million korunas have been appropriated.

[Misur] Does the agricultural public agree with this assessment, in your opinion?

[Lux] First of all, it is very positive that in one year of work [since Lux's appointment as minister of agriculture] we have succeeded in "launching" a debate between the agricultural public, represented by representatives of individual professional organizations, and the state, represented by the Ministry of Agriculture. Prior to this, such a debate was nonexistent. Personally, in the future I would like the Agricultural Chamber to become the main partner of the state in this debate. However, I will continue to regard as very important also the debate on proposals put forward by all the emerging professional organizations of farmers. The existence of parties representing professional groups, such as the parties of entrepreneurs, farmers, and the like, is, in my opinion, only the expression of certain political chaos in our country. In my opinion, in a stable political system there is no room for such parties.

[Misur] To what extent are you able to accept the views and proposals being put forward in such debates?

[Lux] Some of the views of the agricultural public are also my views. Often I feel narrow lobby interests behind the efforts of individual groups of farmers, which, however, is understandable and natural. I therefore consider it my duty, in this matter, to harmonize those interests in such a way that the interests of one group are not elevated above the interests of others. In the final analysis, the interdependence of agricultural production does not permit, in the long run, the growing prosperity of food producers, for instance, at the expense of primary producers. The key issue today is precisely that this view should also become the government's view. That is what I am trying to achieve.

[Misur] Is there any resistance to it?

[Lux] The problem of all debates on agricultural policy thus far has not been a principal divergence of views but the search for the right measure, be it the measure of market protection or the measure of market regulation. Simply, the debates concern the measure of economic pressure on agriculture. This measure is never given once and for all. It must be not only sufficiently stimulating to force agricultural organizations to change their conduct, production structure, and the like, but, above all, it must not be ruinous. Naturally, the first point of view is closer to the government while the second is closer to farmers. These two points of view continuously clash. My basic task, and I am confident that it will also become the government's point of view, is the permanent and sensitive search for that right measure.

[Misur] The professional organizations of farmers mostly agree in that the point of departure of this search must be the creation of an entrepreneurial environment that would help the strong while simultaneously bringing pressure to bear on the weak and incompetent. Do you know that measure?

[Lux] This is the central theme of the "Basic Principles of Agricultural Policy," which I am submitting to the government this month. The "Principles" are, essentially, the updating of last year's Agricultural Program. The question we asked ourselves in drafting the document was what position Czech agriculture has in comparison with the other branches of the national economy and what position we would like it to have in comparison with the world.

[Misur] And the reply?

[Lux] The reply is that, already today, the time has come when we must speak openly about the problem of disparity. Countries with developed market economies address this problem by providing agriculture with space that allows it to take an adequate part in the development of the economy and in the renewal of nature and the landscape. There are several main causes of the disparate position of agriculture compared with other sectors of the economy. On the one hand, primary agricultural producers are working in a fragmented competitive environment, in contrast to those who supply agriculture or who are supplied by it. Furthermore, agricultural production is biological in nature and, as such, cannot directly respond to current prices on the market. This is compounded by the long production cycle, which compels the farmer to produce on the basis of a possible future development. Just for illustration—the generation interval of cows, for example, is five and a half years. The consequence of this is the longer period of capital turnover. However, apart from producing food, the agrarian sector also fulfills the role of landscape shaper and an ecological role. When we realize that over 50 percent of the agricultural land in our country, that is, over 2 million hectares, are subject to various limitations—national park regulations, restrictions on the use of resources in protected landscapes or areas of water resources, or other constraints—the economic results of enterprise in agriculture become understandable.

[Misur] Could you be more specific?

[Lux] The disparate situation of agriculture against other branches of the national economy was reflected in 1992 in the rate of return [mira nakladove rentability], which was plus 9.7 in industry and minus 10.05 in agriculture; in the number of enterprises operating at a loss, of which there were 33 percent in industry and 80 percent in agriculture; and in average nominal monthly wages, which amounted in the first quarter of this year to Kc5,365 in industry and Kc4,341 in agriculture. Last year's rate of profit on capital [kapitalova vynosnost] was 127 percent in industry but 43 percent in agriculture. The disparate position of agriculture is documented also by the price indexes for the 1989-92 period. The price index for agricultural inputs is 192 percent, the price index for agricultural end products is 174 percent, while the price index for agricultural procurement prices is 111 percent.

[Misur] The consequences of this situation for agricultural businesses are generally known....

[Lux] Owing to the lower rate of profit on capital, which accounts for primary agricultural producers' lower level of income, there is smaller interest in farming. Banks refuse to invest their resources in this direction, particularly in the form of long-term credits, which, however, are crucial in view of the long production cycle.

[Misur] But this is a reality applying also to the agriculture of European countries with advanced market economies.

[Lux] This is true, but we must add that on a different scale. And, most important of all, if promising and capable agricultural entrepreneurs are not to go bankrupt as a result of this situation, the government must say how it wants to address it.

[Misur] What do you propose?

[Lux] The solution has two aspects. The first aspect is in the hands of agricultural entrepreneurs who must continue changing their conduct, especially with regard to production efficiency. The government is responsible for defining an entrepreneurial environment that must not, in its consequences, lead to losses. Therefore, our aim must be to have resources for distribution. There can be a discussion about their size and about the manner of their distribution in agriculture. In the past, it was customary in the world to subsidize prices. In the last couple of years, one has increasingly been moving toward subsidizing farmers' income. One is trying to balance out the revenue side in agricultural production, which appears to be a promising method to us, too. The executive branch will decide which path will be chosen in our country.

[Misur] In other words, the government should not discuss the agricultural program in the style of last year's debates but its actual agrarian policy.

[Lux] That is our idea. If the state did not want to bear a share of responsibility for the existing disparity, lasting losses or, possibly, dramatic situations might arise. Our analyses confirm that the time has come when it is necessary not only to speak about these matters seriously and in a businesslike way, but to look for solutions. The pressure of reform exerted thus far has already compelled the overwhelming majority of farmers to change their conduct. If we failed to take systemic countermeasures today, the accomplished change would gradually get onto an irrational plane. It cannot be in the interest of the government or the ministry to have farmers work under ruinous conditions.

[Misur] What, then, should be the objective of the concept of agrarian policy you are putting forward?

[Lux] First and foremost, production of healthy food under conditions of permanently sustainable agriculture. At the same time, the intention should be to have domestic farmers produce the decisive portion of food consumed in our country. In the long run, however, the scale of production should not exceed the needs of consumption. As for imports, their value should be on a par with exports. The degree of market protection must be stimulating and must not be ruinous. It goes without saying that it must also be comparable with the degree of market protection abroad. These objectives will be achieved by addressing the issue of the disparity of agriculture, that is, by a system of measures. At the same time, the responsibility of the Ministry of Agriculture for supporting the restructuring of production and transition from the production of food toward the production of technical crops, for supporting the protection of the landscape and renewable resources, is not weakening in the least. As these changes must be implemented in conjunction with the changes of agricultural policy in Europe and the world, the Czech Government's agricultural policy should also become a permanent part of our foreign policy. In other words, the concept of agrarian policy conceived in this way cannot be the political responsibility of one man or one government department, but of the entire government.

[Misur] What is the Agriculture Ministry's idea of this system of measures?

[Lux] The primary issue is to define the legal framework. Already existing legislation should be supplemented with the planned forestry law, a water law, a food law, a wine law, and other missing legislative norms. But also the relationship between the state and agriculture as such should be defined by law. Other measures concern the macroeconomic environment, which is shaped in agriculture, above all, by taxation policy, subsidies, the system of market regulation and market protection, and the implementation of the law on bankruptcy and settlement. All this is supplemented with internal mechanisms such as computerization [informatizace], consultancy, and other instruments applied by professional organizations and the Ministry of Agriculture. Being aware of the key role of the macroeconomic environment, we are submitting to the government alternative solutions for all ranges of problems. In taxation policy, for example, we put forward the possibility of "green diesel fuel" in the form of a tax refund, or tax holidays on the payment of the real estate tax, or the stipulation of an exemption limit for the payment of the income tax, or relief from the road tax. We have prepared alternative solutions also for support of restructuring where farmers could be granted tax relief for converting arable land into meadows or forests, for increasing the production of technical crops, and so forth. I stress that all these are alternatives being submitted for discussion and not the sum total of demands.

[Misur] Do you also foresee changes in the policy on subsidies?

[Lux] We want to move away decisively from direct investment subsidies, toward subsidies having the nature of guarantees. We would like to defray a part of the cost of credit interest payments for promising businesses. This should increase the volume of resources that are pumped into agriculture, compared with the past. The

pooling of resources will also have ministerial support. Through the Farming and Forestry Support and Guarantee Fund, we would like to make possible long-term credits for a minimum of seven to eight years with a maximum interest of 6 to 7 percent.

[Misur] Do your proposals entail increased demands on the budget?

[Lux] The total amount of subsidies that we propose for next year is Kc5.4 billion, of which about Kc500 million should be realized through the Farming and Forestry Support and Guarantee Fund. Hence, there should be no dramatic increase in the state budget resources appropriated for agriculture. Their reduction cannot continue, however, in my opinion, if we do not want to bring the newly started businesses emerging from privatization and transformation to a halt.

[Misur] Another frequently debated issue is the measure of market regulation.

[Lux] The notion that the slogan of a free market can be applied to our 4.2 million hectares of agricultural land in its absolutely liberal form is unrealistic, in my opinion, especially when we realize the high degree of regulation of the agricultural market in the advanced European countries. In addition to the State Market Regulation Fund, which operates as one of the customers on the market, we must establish an environment, primarily through the provision of information, that will allow entrepreneurs to better orientate themselves.

[Misur] You do not consider introducing quotas, then?

[Lux] At this moment we are not convinced that we could introduce quotas, even though they are used in a number of countries with developed markets. In our country they would conserve a structure of businesses that will undoubtedly continue to change. Quotas can be introduced when you have an essentially stable structure of businesses. The instrument we want to use is commodity councils, which should operate as the minister's consultative bodies. By discussing individual commodity studies, the commodity councils should clarify views on surpluses or possible shortages of some commodities and, ultimately, also on the development of prices. The question is whether the Agrarian Chamber will be able to analyze and utilize this information. We seek the conclusion of long-term supplier-buyer contracts, which could have the character of regional quotas.

[Misur] Will the proposed changes also affect the system of market protection?

[Lux] In my opinion, we have been a bit too generous in opening ourselves to the world after November [1989]. In the countries around us we bear witness to the erection of new barriers, albeit in a very inconspicuous form. At times they take the form of veterinary measures, at other times that of plant quarantine regulations, and so forth. The protection of our market for farm products and food must, above all, be comparable with the surrounding countries. As far as tariff measures are concerned, this is already the case and we are even far greater exporters than importers of most basic agricultural commodities at present. The non-tariff protection of the market, however, remains a problem today. Above all, it should be made more flexible. We propose here a marked improvement of information flows, particularly on the part of the customs administration. At a consultative meeting of ministers on this issue, it was also clearly said that protection of the market is not only the business of our ministry but that it also concerns the Ministry of Finance (from the viewpoint of compensatory payments) and the Ministry of Industry and Trade (from the viewpoint of the issuance of licenses). As far as we are concerned, we have, for example, tightened the activity of the veterinary and plant quarantine services and of agricultural and food industry inspection authorities. In the near future, however, the decisive issue will be our greater openness to the EC market. This issue has been unjustifiably neglected in the discussions thus far.

[Misur] If the measures that you mentioned are not adopted as a package, they are unlikely to yield the expected effect. In that case the government can hardly be expected to adopt the proposed agrarian policy as its own. Have you prepared any alternative to this policy?

[Lux] Our analysis is supported by specific data, not by impressions, and it constitutes, therefore, a relevant basis for discussion. My experience so far has been such that the government is composed of businesslike, pragmatic people who are receptive to such relevant facts and are able to accept them. Moreover, personally I am convinced that the government does not have much space for maneuvering. It can therefore be assumed that it will accept the existing state of affairs and will seek the path of a comprehensive solution. I cannot imagine the government not doing so. That would be short-sighted and I would have to seek an explanation for this at the level of non-economic categories.

Economic Minister Optimistic About Future

AU0109101093 Vienna DIE PRESSE in German 1 Sep 93 p 13

[Report by Erich Hoorn: "Prague Has Overcome the Shock of Separation"]

[Text] Prague/Vienna—The shock of separation of the CSFR has now been overcome, Czech Economics Minister Karel Dyba said in an interview with DIE PRESSE. The second quarter of 1993 was better than the first, the decline of the GDP was far lower. Thus, the GDP may increase by 1-3 percent over 1993 as a whole ("I rather expect the lower figure"). For 1994, 3 percent is the desired target.

Foreign trade with Slovakia, too, is no longer characterized by the separation: Czechia's lower exports in this direction are due to the recession in Slovakia and to the devaluation of the Slovak koruna.

Liberal Economic Course

According to Dyba, postwar Germany is a model for Czechia's current economic policy. Similar to the mark in Germany after World War II, the koruna is also rather undervalued. Dyba does not yet want to hear anything about an oncoming economic miracle in his country: "We still have a lot of problems, as the protracted decisions about foreign investments show. The tax system is not yet perfect, either."

The economy should be regulated as little as possible, it should be liberal. However, in some areas one cannot do without regulations, such as in connection with the anti-monopoly laws.

Inflation is under control: Even though Dyba expects 15-18 percent this year, one must take into account that the introduction of the value-added tax at the beginning of 1993 is responsible for 8.5 percent. For 1994 an inflation rate of less than 10 percent is expected.

The nominal exchange rate of the koruna is stable, there is no reason to change the rate. The koruna is becoming harder in real terms, because inflation in Czechia is higher than abroad. Therefore, imports are also constantly on the rise. As much as 40 percent of imports are machinery. The trade balance will become negative, but the deficit can be covered by rising tourism and foreign investments. Foreign currency reserves are constantly rising.

Dyba does not think that foreign investments of $1.9 billion are too low: "This is as much as our economy can absorb."

After the distribution of the shares from the coupon privatization, half of the GDP will come from the private sector. According to Dyba, as much as 70 percent of the GDP comes from the private sector in services and trade. In 1989, on the other hand, the private sector almost did not exist. The situation is difficult in agriculture, where the restitution of land is complicated.

The unemployment rate is 2.8 percent; an increase to 3-4 percent is expected for 1994. Dyba thinks that bankruptcies and privatization will not have a particularly negative effect on employment.

Minister Denies Police 'Second Power Center'

AU3108061093

[Editorial Report] Prague CESKY DENIK in Czech, on 27 August on page 1, carries a "red"-signed 600-word report, under the headline "Novotny Must Not Recall the Head of Prague Police; Ruml Claims That a Second Power Center Exists in the Police," quoting Interior Minister Ruml's statement that "there is, in addition to the (Interior) Ministry leadership and the Police Presidium, another power center within the security structures." According to the report, "while Minister Ruml sees this center in persons linked to the police center in Hradec Kralove, high-ranking officials from the Police Presidium told us that the aforementioned center can be traced to the top brass of the Prague Police, headed by Pavel Hofman." Unnamed CESKY DENIK sources assert that Hofman "is the man behind the scenes in the struggle for positions in the upcoming changes in the state security bodies and Military Prosecutor's Office, and the transformation of the civilian prosecutor's office into the office of the solicitor general (statni zastupitelsky urad)." According to these sources, Police President "Novotny has attempted to recall Hofman ever since assuming office," but does not have the necessary support from Ruml. Namely, Jan Ruml maintains that "if Hofman were recalled, crime in Prague would rise." The author continues with a claim that "the Interior Ministry is currently examining the accusation that the Securiton International security agency iniquitously obtained a contract on guarding facilities that were previously protected free of charge by the Prague Police." Hoffman's offense—for he negotiated and signed the contract—seems to be "evident, since the Prague Police has no authorization to negotiate such a contract."

Prague LIDOVE NOVINY in Czech, on 28 August on page 2, publishes a 500-word report under the headline "Interior Minister Contradicts Speculations About the Second Power Center," that reiterates the allegations of CESKY DENIK and cites Minister Ruml as saying "I do not have any evidence that Director Hofman was involved in any illegal activity. I am the inadvertent source of the speculation regarding the other power centers, as I used this phrase as a working term, because, particularly in eastern Bohemia, certain activities are taking place that are related to the police to a more-than-tolerable extent. I do not believe that a second power center exists, either in Prague or in eastern Bohemia." According to Minister Ruml, all the allegations are just "speculations by CESKY DENIK." The report ends with the observation that "Prague Police Director Colonel Pavel Hoffman refused to comment" on the aspersions, and that "the Prague Police Directorate will issue an official statement, probably on Monday" (30 August).

Slovaks Want Citizenship for Political Reasons

AU3108061293 Prague MLADA FRONTA DNES in Czech 27 Aug 93 pp 1, 2

[Report by "(km)": "Hundreds of Thousands of Slovaks Are Applying for Czech Citizenship"]

[Text] Prague—Some 159,000 Slovaks have applied for Czech citizenship since the breakup of Czechoslovakia. This figure is cited in a report on migration to the Czech Republic discussed by Vaclav Klaus' cabinet on Wednesday [25 August]. Most Slovaks want to settle in North Moravia, North Bohemia, and West Bohemia. The government document claims that this migration wave has been caused by political and economic factors.

During the past 40 years, some 667,000 Slovaks moved to the Czech Republic, while 433,000 Czechs moved to Slovakia.

"If migration from Slovakia to the Czech Republic during the past 40 years could be characterized as economic migration, then, since mid-1992, it has been possible to characterize it as political migration, that is, resettlement by people who agree with the trend of political and economic transformations," states the government report.

Some former prominent public figures—including former federal prime minister Marian Calfa, former federal foreign trade minister Jozef Baksay, and former secret service chief Stefan Bacinsky—have applied for Czech citizenship.

A well-known public figure who has applied for Slovak citizenship is Petr Uhl, the former CTK director general and current editor in the agency.

The report also mentions—although without giving the precise figures—that many Romanies have migrated from Slovakia to the Czech Republic. An extremely impoverished Slovak Romany population has been scattered throughout the Czech Republic since the mid-1950's. According to recent estimates, about 200,000 Romanies are currently living in the Czech Republic.

The report also states that, at the moment, the Czech Republic does not have conditions for normal, natural migration. Natural mechanisms that would make a normal population transfer possible were obstructed by the former regime's directive migration policy. The government report emphasizes that the former regime manipulated the population in Czechoslovakia by means of its harsh repressive measures.

Meciar Discusses Privatization at Seminar

AU3008161093 Bratislava REPUBLIKA in Slovak 26 Aug 93 p 4

[First installment of speech delivered by Prime Minister Vladimir Meciar at a seminar on privatization in Presov, eastern Slovakia, on 20 August: "Privatization Is Not Reserved for Narrow Groups"]

[Text] Even though our meeting started in a pleasant atmosphere, it is a working meeting. Its objective is to specify the strategy and tactics of the privatization process in Slovakia for 1993 and the subsequent years, to consider the position of individual institutions—ministries, central bodies of state administration, and the Slovak National Property Fund [FNM]—in this process, to assess the need for essential legislative or other technical and organizational changes, as well as to reach an agreement on the strategy and tactics that we shall pursue in the period of the next privatization round.

Shock Therapy Failed

In making a decision today, we are enriched by our own experience, both positive and negative, and by experience existing abroad. It needs to be clearly said that changes in the economic system as a whole are inevitable. The old system of administering economic affairs, based on central planning, failed. The stage of privatization and the stage of post-1989 economic development referred to as therapy by shock did not succeed either. It needs to be clearly stated that the further possible development essentially requires a longer period of time, gradual steps, and purposeful and coordinated work by all entities [subjekty] taking part in changing the economic system. Disregard for coordination and for the state's functions has led to a situation where the economy is propelling itself into collapse, without any coordinated, systematic, and guided regulation. The negative aspects of the former economic system, and of the attempts to speed up reform by means of shock therapy, do not obfuscate the imperative need of the present.

Protection Against Unfair Practices

Czechoslovakia and, within its framework, also Slovakia were marked by one of the toughest phases of nationalization. The former GDR, Hungary, and Poland, for example, had more developed private sectors than our country, where almost everything belonged to the state. The very existence of state-owned enterprises and of redistribution from the center did not create real conditions for competition among them, deformed economic links, and complicated the conditions for cooperation with foreign partners. We are embarking on a stage that makes it incumbent upon us to utilize the advantages of private initiative, to utilize the advantages of a different organization of industrial, trade, and service organizations, one based on the principle of market forces. It is not enough to merely convert state enterprises into joint stock companies, it is necessary to establish a group of real private owners, of entities that are organized on the market principle and that behave in a market-conforming manner and that stand a chance of holding their own in such a market.

We must also establish market relations between these entities. This has, on the one hand, its positive side: defining the conditions for competition, the rules of the market, and making sure that all entities are treated equally. On the other hand, however, this also means ensuring protection against unfair business practices and against an unfair system of relations between the state and the businessman, including relations with foreign partners.

It is also important that we realize in what kind of marketplace this activity takes place. By means of our own laws and procedures, we can stabilize the market of the Slovak Republic, on which about 40 percent of the production volume created in the Slovak Republic is realized, with the remaining 60 percent being designated for abroad. When speaking about this marketplace, we must not see it as something static, but as a phenomenon in progress. By the year 2005, we want to establish conditions for the association of the Slovak Republic with the EC.

At the same time we must realize that Europe has the chance to create a single market today. The orientation of our market toward markets in Eastern and Central Europe is a logical continuation of the raw material, energy, and merchandise flows, the foundations for which was laid in the previous period, but devoid of ideology and power interests, based on the principle of a realistic exchange of goods.

Respecting Social Justice

When privatizing, we must constantly bear in mind that its goal is also to secure society's development. Privatization is not a goal in itself, privatization is a means of utilizing, and restoring to health, resources that are at the disposal of society for its further development. For privatization to be understood in this way, we must change the philosophy of the approach toward its economic and value aspects, toward its social aspect, as well as toward the role of the state in this entire process. First of all, it is becoming apparent that privatization not only effects, very significantly, the ownership of individual enterprises and the structure of proprietary relations, but that it also effects society at large, differentiating it and creating a new stratum of citizens—owners, entrepreneurs, shareholders, investors, and the like.

If the maxim of citizens' participation in privatization is to be implemented correctly and consistently, several basic principles must be put into effect. First and foremost, privatization must be accessible to every citizen of the Slovak Republic, it must not be reserved for narrow groups. The state must guarantee and safeguard everyone's right to an equal opportunity.

Deformations occur where the management wants to privatize itself. This is reflected in the inadequate provision of basic data to other entities, in the drafting of expert appraisals, and in control over technological and other flows that are inaccessible to the majority of those from the outside who would like to become involved in the [privatization] process. Another demand is emphatic abidance by the interest of social justice in that we should not only make privatization accessible to everyone, but, as far as possible, that we should also find some form of a just system of distribution among all citizens. [sentence as published]

Threat of a New Monopoly

If we accepted coupon privatization, we did so primarily because we saw in it one of the easiest principles, from the viewpoint of social justice, of compensating citizens for the mistakes of the past and of creating a real stratum of owners through coupons and, subsequently, through share ownership. We must be realistic, however, and see the economic aspect as well. Coupon privatization has not generated shareholders who would be interested in the development of enterprises and who would take an active part in their administration and in decisionmaking. Quite the contrary, large funds have come into being representing these shareholders, funds that are not prepared, in terms of personnel, to deal with the tasks. A new monopoly is taking shape, which poses the realistic threat of such structures of personal linkages coming into being as will deform the economy from different centers [than the centrally planned economy].

Therefore, in addition to the principle of universal access, we also attend to the principle of economic interest, which presupposes wider participation by employees of all categories in the privatization of individual entities. The course of privatization, so far, also demonstrates inequality in access to financial resources. This is reflected in the fact that not everyone who has a good business idea or entrepreneurial plan is able to acquire financial resources within the state, from banks. And because the chances of access to financial resources were not equal in the past either, inequalities having their roots in the previous regime are being carried into the present situation as a source of political and social discontent.

Experience from small-scale privatization and from the launching of the first round of large-scale privatization shows that privatization can be successful when the state succeeds in protecting, decriminalizing, and depoliticizing it. This means that entities that violate the principles of free competition should be excluded by law from further participation in any form of privatization. If we accomplish that, intimidating, corrupting, or gaining political influence will no longer be interesting to anyone.

Depoliticizing Privatization

The second important demand on privatization is that it be depoliticized. Privatization has not become a subject of political struggle among political parties because of its gist, that is, changes in ownership, but for the sake of gaining political influence on privatization, so that individual political parties could establish more advantageous positions for themselves in the event of elections or so that they could ingratiate themselves with their members, supporters, or sponsors. Because privatization is a project that is objectively necessary and will accompany this society [for a long time to come], it is necessary to eliminate those concomitant negative phenomena.

Several important facts must be taken into account when considering the development of privatization in Slovakia.

The first is the availability of sufficient monetary resources. The first round of large-scale privatization and small-scale privatization has shown that some of the banks' financial resources have been siphoned off to finance changes in ownership. Even though changes in ownership are objectively necessary, this situation has led to a shortage of money for operational and investment purposes. The solution to this basic financial situation is conditional on the method of privatization, its speed, and the participation and involvement in it of individual entities. The shortage of money and the inequality in access to it have led to a situation where, in fact, the ministry's decisions only determined the success of privatization secondarily, because the primary selection was made by banks, by bank clerks, and not by the state. This situation must be changed.

On the basis of this realization, the Slovak Government and the Slovak National Bank [NBS] entered into negotiations, the outcome of which is that the NBS will release considerable financial resources especially for privatization projects. These resources will make it possible to successfully set privatization in motion.

Financial Resources From Abroad

At the same time the government is of the opinion that far greater use must be made of leasing. What we have in mind is not leasing in the proper sense, but a privatization method whereby, when acquiring a company, the privatizer would only pay for a certain part, with the remaining parts to be repaid in agreed installments. The maximum period of repayment would be 10 years. When I say that this is not leasing in the proper sense, it is because it would be possible to waive the interest payments associated with leasing in the event of the financial resources being used for the development of investments by employees. [sentence as published] These resources would be retained by whoever would guarantee the company's further development.

It also needs to be said, frankly, that privatization should contribute not only to the substitution of the state by new entrepreneurs as owners, but also to beefing up the resources of banks and the Slovak Republic's FNM. From this viewpoint, special attention must be paid to financial resources from abroad. Support must be given to those entrepreneurs who come from abroad with their

own capital. We are not interested in the formation of a layer of foreign capitalists with our banks' capital. Then it is necessary to support our entrepreneurs and to form our, Slovak, businesses. But if someone comes from abroad, we must be accommodating, and give him certain assistance so that investing here becomes interesting for him.

Intolerable Price Differences

Another important area to which we must pay attention, and which has been somewhat deforming privatization thus far, concerns prices. We must realize, first of all, that the Slovak Republic has had no experience in the market valuation of real estate and businesses. As a result, organizations that came into being in a rather amateurish way and under pressure of time have been charged with these activities. These organizations are often rather unreliable and incompetent.

It is not a rare thing to see a difference in two appraisals. This was the case last week in the government, for example, when we had two appraisals of one enterprise. Appraisals were made by two authorized organizations. According to one, the price was 500 million Slovak korunas [Sk], and, according to the other, Sk250 million. Any difference in price, exceeding the allowable limit of plus or minus 10 percent, must be considered to be incorrect, the price must be rejected and the privatization project must be redone as regards the price. We can no longer allow such practices.

When dealing with the price, we must realize that privatization may mean exchanging owners, but the growth must remain the principal axiom. This is why, when fixing the price, investment intentions, employment, regional continuity, and the real, existing function of the enterprise in question must be taken into account. This means that it is not whoever offers the highest price who can privatize, but whoever offers the best privatization project that will also be guaranteed economically and contractually. In that way, a greater space for competition is being created, which can be exploited by those who have entrepreneurial spirit. When evaluating and fixing the price, the issue of ownership is very problematic, since the ownership of the land of the most of the organizations has not been established. Then, situations arise in which it is impossible—because of several square meters—to privatize an enterprise that owes several hectares. Because of that, we consider it proper to guarantee by law the presumption of the enterprise's ownership, with the proviso that if it is established that someone else owns the lands, then the Slovak Republic's FNM will compensate them for it.

On the basis of discussions with representatives of the Land Fund and the Land Register, it would take 40 years to settle all land-related claims in Slovakia. We cannot wait that long for privatization, and our course of action must be significantly faster.

When dealing with prices, we must also consider other negative factors, such as the insolvency of organizations in Slovakia, which has attained, as of today, more than Sk87 billion. Moreover, there are unpaid loans and a shortage of capital in the majority of entities who participate in privatization. We must take these economic factors into consideration, just to avoid situations in which the old name of the company, and some of its property, would be retained for privatization, while only a certain unproductive part would be liquidated in the bankruptcy proceedings. The result would be that only the sound part of the enterprise would be actually sold to a new company under privatization. The state and the banks would have to deal with debt, however. If we started this system, then—as the development shows—there would be a risk that a serious bank crisis could erupt.

What the State Cannot Give Up

Moreover, when privatizing, we must respect certain facts that have appeared as a consequence of the structure of the former economy. First, the economy has been, and is, a sum of interests that are very often controversial. When privatizing, we must respect the principle of sectors. In privatization, we must take care not to disrupt individual links of a technological character to an extent that would provoke a chain reaction in certain institutions, such as in chemistry, which could put the whole sector at risk.

Apart from the principle of sectors, we also must respect the principle of state interests. The state is interested in protecting its own security. The state is interested in keeping certain sectors, such as the arms industry, under its own control.

In privatization, we must also consider the size of the privatized enterprises. We can say that we have not used the period since 1990 to denationalize large units. Essentially, the almost-monopoly position of large entities with thousands of employees and worth billions has not actually changed, only their market price is constantly falling, just because the denationalization process has not been completed.

Hungarian Parties Air Grievances to CE

LD3108200493 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 31 Aug 93

[Text] I have just received in the studio the letter from the Hungarian political bodies Egyutteles [Coexistence], the Hungarian Christian Movement, the Hungarian Civic Party, and the Hungarian People's Party addressed to the Council of Europe [CE], which has been released by TA SR. I will read it in full.

Esteemed Sir/Madam: We write to inform you that since Slovakia has been admitted into the Council of Europe, steps have been taken in the country which are at odds with the promises and pledges made by the top representatives of the Slovak Republic and the Slovak Parliament.

These steps have to do above all with the use of bilingual road signs denoting place names where historic names have been banned; with instruction of minorities in their mother tongue; and with the use of names.

We have to remind you that the National Council of the Slovak Republic in its decree dated 23 June 1993, and notably prior to Slovakia's admission into the Council of Europe, promised that in the regulations designed to protect the minorities' rights it would observe recommendation 1201 of the Parliamentary Assembly of the Council of Europe. The parliament has in this respect asked the government to brief it by 1 September on how the promise is being fulfilled.

First, we have to state with regret that at the order of the Ministry of Transport and Communications of the Slovak Republic dated 14 July 1993, road signs bearing Hungarian names of villages have been forcibly removed in south Slovak districts. The said signs were the property of the villages. The directors of district highway authorities commented on this order by saying that in case the removal of road signs encounters resistance, they would ask the order-enforcing bodies [poriadkove organy] for help. As no similar action has been taken in other parts of Slovakia, we can say that the act was unequivocally aimed at removing road signs in Hungarian.

Second, since September 1993 there has been no provision in Slovakia for training primary and secondary school specialist subject teachers, who work at Hungarian-language schools, in their mother tongue. It means another curtailment of Hungarian teachers' training. This might lead to a further decline in Hungarian schools. The danger has also been borne out by the fact that the Ministry of Education has issued an internal memo which makes provisions for cutting down on instruction in Hungarian. We emphasize that in every school in Slovakia, the Slovak language is taught from grade one in parallel with the Hungarian language of instruction. On the other hand, the Hungarian language is not taught at Slovak schools in areas with mixed population. We have to say that in our view the forced bilingualism of schools represents a step back, which puts the future of our schools at stake.

Third, in July 1993 the parliament of the Slovak Republic approved the law on the use of names and surnames, which was acceptable to us too. At the government's suggestion, the president has returned the law to the parliament for a second reading. We are concerned that because of the way this step was justified, and since it puts grammar rules before human rights, legal restrictions may creep in during the law's further reading.

Fourth, with all respect, we write to inform you that the official translation of the Slovak constitution into English is inaccurate in several places. While the Slovak text says in the constitution's preamble "the Slovak nation" [Slovensky narod], the English translation says "the Slovak people" [Slovensky lud]. Equally, in Article 6 the original declares the Slovak language to be "the state language" [statny jazyk], while the translation says "the official language" [oficialny jazyk]. We are afraid that these translation errors have been inserted into the English version of the constitution on purpose, in order to conceal the existence of avenues whereby measures against minorities could be taken. We have pointed out more than once the existence of these avenues in connection with the constitution.

Fifth, we write to inform you that through our deputies, we have presented to the Slovak Parliament a draft constitutional law designed to adjust the legal position of ethnic communities and minorities. We based our draft on recommendation 1201 of the Parliamentary Assembly of the Council of Europe. The adoption of our draft would create conditions for removing the shortcomings outlined in this letter.

Allow us to point out that if the Slovak government does not observe the recommendations of the Council of Europe, it can have far-reaching consequences.

Esteemed Sir/Madam: All the effort we have exerted so far has been aimed at resolving the above issues through discussion with the country's constitutional bodies. The efforts in this direction having failed, and our proposals having been rejected one after another, the recommendations by the Council of Europe are being violated. We are therefore appealing to you with this letter.

Finance Minister Says Budget Deficit Stabilized

AU3108162893 Bratislava PRAVDA in Slovak 27 Aug 93 p 2

[TA SR report: "The Deficit Has Fallen Imperceptibly"]

[Text] Bratislava—If nothing unusual happens, the Slovak Republic's budget deficit can be maintained at the level set by the IMF. This was made clear by Finance Minister Julius Toth, who took part in yesterday's final session of the National Council of the Slovak Republic National Economic and Budget Committee where he gave a report on fulfilling the state budget during the first half year and the subsequent period.

The first half-year budget deficit of 14.8 billion korunas [Sk] was reduced in July and has now been stabilized at Sk14.2 billion. The trend in the fundamental macroeconomic indicators during the first half year indicates a reduction in the Slovak economy's performance. During the first six months of the year, the state budget's revenue amounted to Sk65 billion (41.2 percent). The arrears in the budget revenue were caused, in particular, by lower levies on contributions to the National Insurance and Employment Fund insurance funds where only 33 percent of the sum projected for the whole year was collected. The situation was the same with regard to collecting taxes. The revenue from indirect taxes was Sk19.2 billion. According to Julius Toth, the purchase of goods aimed at satisfying basic needs, goods burdened by

lower tax rate, dominate the structure of the population's consumption. Only Sk8.8 billion (27.1 percent) were collected in taxes from the income of legal persons. Some Sk3.7 billion were collected by the end of June in taxes from the income of physical persons. The state budget's expenditure during the first half year amounted to Sk80 billion—that is, 50.6 percent of the sum projected for the whole year. According to Toth, the expenditure part of the state budget, among other things, is being negatively influenced by the interest on arrears. They have to be paid by the Slovak National Bank due to the interest on the budget deficit. The Finance Ministry will reassess the entire system for regulating expenditure, even in areas where, so far, it has not been regulated. In conclusion, the minister said that if it had not been for the catastrophic month of March with its 11-billion-koruna deficit, it would be possible to say that a balanced budget is being maintained in Slovakia.

Daily Prints Foreign Investment Statistics

AU2708130793 Bratislava SLOVENSKY DENNIK in Slovak 24 Aug 93 p 5

[Unattributed report: "Foreign Capital in the Economy of the Slovak Republic"]

[Text] As of 30 June 1993 the foreign capital stock invested in enterprises on the territory of the Slovak Republic represented a value of 9.2 billion Slovak korunas [Sk] ($320.4 million). Compared with the first quarter, its volume increased by Sk1.5601 billion, that is, 20.3 percent. Foreign capital participation was ascertained in 4,108 cases, in 3,948 organizations on the territory of the Slovak Republic. Concurrent investment by two foreign partners in one organization was ascertained in 148 cases and by three partners in six cases.

Capital in Organizations With Foreign Capital Stake as of 30 June 1993

Organization According to Type of Ownership	Number of States Involved	Number of Organizations With Foreign Capital Stake	Foreign Capital *(in Sk million)*[1]	Domestic Capital *(in Sk million)*
Total	65	3,948	9,244.4	5,671.4
—Foreign[2]	42	1,256	2,310.3	—
—International	61	2,692	6,934.1	5,671.4

[1]Data on foreign capital is based on extracts from the trade register sent to the Slovak Statistical Office in the first half of 1993.
[2]Enterprises and corporations wholly owned by foreign capital.

Influx of Foreign Capital Into the Economy of the Slovak Republic in First Half of 1993

	State as of 31 Dec 92	Increase by 31 Mar 93	Increase by 30 Jun 93 k
—(in Sk thousand)	6,607,072	1,077,173	1,560,140
—(in thousands of dollars)	231,226	36,874	52,320
Number of organizations with foreign capital stake	2,825	385	738
Number of countries	54	7	4

In the course of the second quarter of 1993, 15 organizations with a foreign capital stake legally ceased to exist and another 23 were in the stage of liquidation.

The ranking of the top four countries from the viewpoint of the volume of foreign capital invested in the economy of the Slovak Republic remained unchanged. Austria retained its leading position with a share of 25.8 percent of the total volume of foreign capital (almost Sk2.4 billion in 1,032 organizations in the Slovak Republic). Germany was in second place with a share of 18.3 percent (Sk1.7 billion in 621 organizations), and the United States remained the third most important investor with a share of 14.5 percent (Sk1.3 billion in 138 organizations). The Czech Republic confirmed its fourth position in the ranking with a share of 11 percent (Sk1 billion in 307 organizations).

The number of states with a foreign capital stake in the economy of the Slovak Republic increased by four—Japan, Ireland, Bosnia-Herzegovina, and Zimbabwe.

The share of organizations with an original investment of foreign capital of under Sk100,000 increased by almost 2 percent, compared with the first quarter of 1993, to 73.9 percent. More than Sk10 million have been invested in 1.6 percent of organizations. The following table provides a more detailed picture:

Original Foreign Capital Investment *(in Sk thousand)*	Number of Organizations as of 30 Jun 93	Number of Organizations as of 31 Mar 93	Volume of Foreign Capital as of 30 Jun 93 *(in Sk thousand)*	Volume of Foreign Capital as of 31 Mar 93 *(in Sk thousand)*
Up to 100	2,917	2,281	172,468	141,918
101-500	687	624	167,590	149,626
501-1,000	133	119	107,554	96,722
1,001-10,000	147	130	467,313	409,942
10,001-100,000	41	35	1,243,689	1,128,593
100,001-500,000	19	19	3,918,744	3,918,744
Over 500,000	4	2	3,167,027	1,838,700

The ranking of companies in the Slovak Republic in which the largest investments of foreign capital have been made is: K-Mart Slovak Republic Co. (United States); Volkswagen Ltd. (Germany); Chemlon Co. (France); Tatransky Permon Co. (Czech Republic); Henkel-Palma Ltd. (Austria); Moelnlycke Co. (Sweden); Samsung-Calex Ltd. (Korea); Kablo Ltd. (Austria); Ludova Banka Co. (Austria); Hoechst-Biotika Ltd. (Germany); Liaz Velky Krtis Ltd. (Czech Republic); Prva Stavebna Sporitelna Co. (Germany, Austria); Liaz Zvolen Ltd. (Czech Republic); Naftoprojekt-CP Ltd. (Canada); Tatrabanka Co. (Austria); Whirlpool Tatramat Co. (Italy).

Deployment of Foreign Capital in Branches of National Economy

Branch	Number of Organizations		Foreign Capital *(in Sk thousand)*		Index—second quarter/first quarter
	Total	Foreign firms	Total	Foreign firms	
All branches	3,948	1,256	9,244,385	2,310,270	120.3
—Agriculture, forestry, fisheries	19	5	36,202	650	543.2
—Extraction of raw materials	8	2	1,979	300	109.7
—Manufacturing	437	86	4,882,141	21,591	122.8
—Production and distribution of electricity, gas, water	3	0	560	0	311.1
—Construction	156	27	209,679	2,879	101.9
—Retailing, repair services	2,381	764	2,128,272	1,309,554	102.6
—Catering, provision of accommodation	53	12	526,796	515,100	126.0
—Transportation, communications, storage	99	22	47,860	8,703	101.3
—Banking, insurance business	40	21	801,603	300,800	106.9
—Real estate, research and development	658	281	519,925	117,532	100.0
—Education	13	6	2,228	1,579	123.9
—Health care, veterinary care	1	0	975	0	100.0
—Other public, social, and personal services	80	30	86,165	31,582	102.9

From the viewpoint of territorial distribution, as of 30 June 1993 the largest volume of foreign capital was concentrated in the capital of Bratislava (56.0 percent) and in the districts of Poprad (9.6 percent), Humenne (8.8 percent), and Nitra (5.5 percent). The lowest volumes of foreign capital were in the districts of Stara Lubovna, Vranov nad Toplou, and Kosice-Environs.

Foreign Capital in Slovak Republic According to Country of Origin

State	Number of Organizations With Foreign Capital Participation					
	Total		Foreign-Owned		Joint Ventures	
	As of 30 Jun 93	As of 31 Dec 92	As of 30 Jun 93	As of 31 Dec 92	As of 30 Jun 93	As of 31 Dec 92
Austria	1,032	908	372	312	660	596
Germany	621	489	142	107	479	382
United States	138	110	36	27	102	83
Czech Republic	307	0	123	0	184	0
France	48	38	9	10	39	28
Netherlands	81	57	29	20	52	37
Sweden	42	38	10	9	32	29
Italy	224	180	50	37	174	143
Korea	1	1	0	0	1	1
Canada	43	38	11	9	32	29
Switzerland	170	147	49	46	121	101
Hungary	327	273	34	29	293	244
CIS	72	73	7	6	65	67
Great Britain	31	28	10	8	21	20
Poland	106	85	26	21	80	64
Belgium	27	21	11	6	16	15
Spain	13	10	2	1	11	9
Yugoslavia	125	98	40	32	85	66
Cyprus	7	5	0	0	7	5
Russia	48	28	7	7	41	21
Liechtenstein	21	17	7	4	14	13
Croatia	20	9	7	3	13	6
Ukraine	44	23	8	4	36	19
Brazil	2	2	0	0	2	2
Denmark	5	3	3	2	2	1
Luxembourg	10	8	4	3	6	5
Vietnam	19	14	10	8	9	6
Turkey	24	20	6	5	18	15
Australia	15	12	2	2	13	10
China	17	13	13	10	4	3
Greece	10	8	3	3	7	5
Finland	7	7	2	2	5	5
Lebanon	9	9	3	2	6	7
Taiwan	2	2	0	0	2	2
India	7	4	3	2	4	2
Bulgaria	11	10	4	4	7	6
Monaco	1	1	0	0	1	1
Iceland	1	0	0	0	1	0
Israel	10	9	3	3	7	6
Bosnia-Herzegovina	6	0	5	0	1	0
Other	404	132	253	66	151	66
Total[1]	3,948	2,825	1,256	787	2,692	2,038

[1]Regarding number of organizations, participation of foreign capital from several states in one enterprise is taken into consideration.

Foreign Capital in Slovak Republic According to Country of Origin

State	Invested Foreign Capital *(in Sk thousand)*		Share in Total Volume of Foreign Capital *(in percent)*	
	As of 30 Jun 93	As of 31 Dec 92	As of 30 Jun 93	As of 31 Dec 92
Austria	2,381,604	1,803,459	25.8	27.3
Germany	1,685,952	1,648,125	18.2	24.9
United States	1,341,807	1,267,894	14.5	19.2
Czech Republic	1,021,399	0	11.0	0
France	858,349	42,515	9.3	0.0 [aspublished]
Netherlands	418,356	393,648	4.5	6.0
Sweden	372,800	339,900	4.0	5.1
Italy	370,309	357,322	4.0	5.4
Korea	323,400	323,400	3.5	4.9
Canada	188,322	187,782	2.0	2.8
Switzerland	78,104	53,773	0.8	0.8
Hungary	52,839	47,104	0.6	0.7
CIS	26,422	26,452	0.3	0.4
Great Britain	15,873	15,402	0.2	0.2
Poland	14,409	12,134	0.2	0.2
Belgium	12,626	8,602	0.1	0.1
Spain	11,718	11,563	0.1	0.1
Yugoslavia	10,725	8,678	0.1	0.1
Cyprus	9,051	8,951	0.1	0.1
Russia	5,698	4,470	0.1	0.1
Liechtenstein	5,279	4,530	0.1	0.1
Croatia	4,306	620	0.0	0.0
Ukraine	3,619	2,345	0.0	0.0
Brazil	3,100	3,100	0.0	0.0
Denmark	2,820	2,640	0.0	0.0
Luxembourg	2,213	1,083	0.0	0.0
Vietnam	1,925	1,420	0.0	0.0
Turkey	1,835	1,600	0.0	0.0
Australia	1,674	954	0.0	0.0
China	1,625	1,285	0.0	0.0
Greece	1,567	1,462	0.0	0.0
Finland	1,102	1,102	0.0	0.0
Lebanon	994	1,149	0.0	0.0
Taiwan	952	952	0.0	0.0
India	904	704	0.0	0.0
Bulgaria	885	775	0.0	0.0
Monaco	850	850	0.0	0.0
Iceland	780	0	0.0	0.0
Israel	775	725	0.0	0.0
Bosnia-Herzegovina	580	0	0.0	0.0
Other	6,837	18,602	0.1	0.3
Total[1]	9,244,385	6,607,072	100.0	100.00

[1]Regarding the number of organizations, participation of foreign capital from several states in one enterprise is taken into consideration.
[Note: Table omitted providing data on foreign capital investment for individual Slovak districts]

NBS Official on Foreign Reserves, Inflation

AU3108144893 Bratislava PRAVDA in Slovak 27 Aug 93 p 3

[Interview with Slovak National Bank Vice Governor Marian Jusko by Ivan Podstupka; place and date not given: "Growth of Foreign Exchange Reserves"]

[Excerpt] [Passage omitted] [Podstupka] Have you any data on the effects of the devaluation of the koruna in July?

[Jusko] The short-term effects are unequivocally positive. The trend of trading on the foreign exchange fixing of the Slovak National Bank [NBS] has been completely reversed. The NBS now mostly acts as the buyer (after the devaluation, it has purchased roughly $50 million), while prior to the devaluation it was mostly selling foreign exchange. Because of devaluation expectations in the entrepreneurial sphere, businesses were delaying the collection of payments to make devaluation profits. This fully applied also to trade with the Czech Republic where, after the devaluation, we have registered a massive growth of payments in the Slovak Republic's favor. In general, the foreign exchange reserves have been strengthened after the change in the exchange rate. The long-term effect of devaluation, which should find its expression in a reduction of imports and an increase of exports, is a different matter. The period of time that has elapsed is too short for any precise analysis.

[Podstupka] What is the present state of foreign exchange reserves?

[Jusko] As of 20 August the NBS's reserves, excluding gold, stood at $347 million. The aggregate reserves of the banking sector, including the NBS, stood at $1.445 billion. The state of foreign exchange reserves is much better than one and one-half months ago but we cannot be satisfied with it. The NBS should have greater reserves. We would like to achieve this by certain measures, about which we shall inform the public.

[Podstupka] I suppose you are referring to the import surcharge....

[Jusko] No, the import surcharge is not within the jurisdiction of the NBS but within government jurisdiction. I am not referring to devaluation either because the development of foreign exchange reserves refutes the existence of devaluation expectations, which keep being mentioned by the press, particularly the foreign press. What I have in mind are steps to acquire foreign resources to strengthen our foreign exchange reserves, steps that will not affect either citizens or the entrepreneurial sphere.

[Podstupka] Trade and financial relations with the Czech Republic are important for our economy. The Czech side proposes that both blocks [bloky] of payments, the old [for payments prior to 8 February 1993, the date of the currency split] and the new one [for payments after 8 February 1993], be combined into one. What is the NBS's position on this?

[Jusko] In keeping with the payments agreement, on 15 August the accounts of the old block were balanced and the Czech side offset the Slovak surplus at the new block. Counting both blocks together, on 23 August 1993 we had a deficit of approximately 16 million Slovak korunas [Sk]. On the old block, we had liabilities of Sk222 million and on the new block claims of approximately Sk206 million. This is a relatively balanced state of accounts.

The crucial volume of claims and liabilities dating back to the period prior to 8 February has been settled already. The old block is now for those who are in arrears with their payments. We expect that some of these liabilities will not be covered at all.

[Podstupka] It is because of speculative transfers of liabilities and claims to the old block that the Czech prime minister insists on combining the two blocks. Have you come across such cases?

[Jusko] We, too, have observed these tendencies. There are instances of new liabilities being covered through the old block. One is speculating with the post-devaluation difference in the exchange rate. We have asked commercial banks to tighten the control of payments coming to the old block and are working on a proposal to abolish the old block completely. The government and parliament will have the final say.

[Podstupka] Will the devaluation of the Slovak koruna be taken into consideration when converting the old block?

[Jusko] There is a fixed exchange rate on the old block, that is, Sk1 = 1 Czech koruna = 1 Czechoslovak koruna. The exchange rate against the clearing ECU is determined by the exchange rate on the day of the currency split. We want to preserve those conditions.

[Podstupka] The inflation rate is higher than the projections from the beginning of the year. What is the current forecast for the development of the inflation rate by the end of the year?

[Jusko] The original forecast was approximately 17 percent. Having assessed the development in the first half of the year when the rate of inflation was 14.2 percent, the koruna's devaluation, and other factors that have an impact on prices, we have had to revise the original estimate. The current forecast is in the range of 25 to 30 percent. The actual rate of inflation in 1993 will, however, be influenced by a number of additional factors that we are currently unable to quantify accurately. The central bank's monetary policy will center on pushing the rate of inflation toward the lower limit of the aforementioned range. [passage omitted]

Jeszenszky Interviewed on NATO, Yugoslavia

LD0109095893 Budapest MTI in English 0941 GMT 1 Sep 93

[Text] Bonn, September 1 (MTI)—Joining the European Community (EC) and NATO are still priorities for Hungary, although it is clear that in view of the two organizations' reluctance to accept new members the time is not yet right, Hungary's Foreign Minister Geza Jeszenszky says in an interview in Wednesday's 'BADISCHE ZEITUNG' in Freiburg, Germany.

Jeszenszky says that by pressing for NATO membership, Hungary also wishes to strengthen the position of democratic forces in Russia. 'Hungary and Russia have excellent relations, which we want to maintain, or even intensify, after joining NATO,' he says.

On Hungary's approach to rump Yugoslavia, the foreign minister says that since the beginning of the crisis, Hungary has striven for a balanced and sober relationship with Serbia and Montenegro, while adjusting its policy to decisions of international organizations.

'Vojvodina's Hungarian community is a special and crucial element of relations between Budapest and Belgrade. Despite our clear and predictable attitude, the Serbs are coming up with renewed and ever stronger anti-Hungarian measures and accusations,' Jeszenszky says.

He also proposed starting talks on autonomy schemes worked out by the organization of ethnic Hungarians in Vojvodina on the basis of the one-time Carrington plan.

Csurka: Liberalism Obstructs 'Strong State'

AU3108063993 Budapest PESTI HIRLAP in Hungarian 26 Aug 93 p 5

[Unattributed report, no headline given]

[Text] In his speech [at the Balatonszarszo meeting on 24 August], Istvan Csurka [chairman of the Hungarian Way Movement] described the government's activities so far as a trial run. In his opinion, the biggest mistake of the political forces that came to power after the regime change is that they have not clearly distanced themselves from the previous regime. He pointed out that it is still possible to find former members of the Hungarian Socialist Workers' Party in government offices and, as he put it, "this bad hybrid can still be found everywhere."

The seemingly national system of [Prime Minister] Jozsef Antall is based on the lies of the liberal constitutional state, the writer-politician stated. Liberalism stands in the way of the establishment of a strong state, he added. He explained that the origins of the Alliance of Free Democrats and the Federation of Young Democrats, and the fact that they are commissioned and by whom, are still not revealed.

Liberalism is keeping the citizens in fear of their existence. The government does not defend anyone and those it does not defend, it eventually begins to persecute. We were gullible, shortsighted, and allowed ourselves to be played off against each other. However, a nation cannot live without a committed group of leaders who are accepted by the majority of the nation. Power has to be seized by enlightening the people, and this cannot be done without controlling the mass media, he stated.

We are demanding our due. [U.S. businessman of Hungarian origin] Gyorgy Soros practiced charity here before the change in regime; we did not notice in time that he had been brought here during the Aczel [former cultural minister] era. We have to stop another great migration but this time, unfortunately, it is not the Huns who are coming.

Csurka's speech was hailed with heavy applause; some of the audience stood up and loudly cheered the writer-politician.

Pozsgay Assesses Results of Szarszo Conference

AU3108060893 Budapest MAGYAR HIRLAP in Hungarian 30 Aug 93 p 4

[Interview with Imre Pozsgay, chairman of the National Democratic Alliance, by Pal Szombathy; place and date not given: "Pozsgay: Instead of Waiting for Miracles, Have a Will To Do Something"]

[Text] Rather than closing a process, the Szarszo conference launched one, Imre Pozsgay said to MAGYAR HIRLAP, assessing the conference. In his view, the most important message of Szarszo is that, naturally, democracy means constitutionality and parliamentarism, but it cannot result in excluding the people and rejecting their participation.

[Szombathy] What was the greatest virtue of the conference and what kind of accompanying signs disturbed your political palate?

[Pozsgay] In my view, the conference was successful and, working as an intellectual workshop, it fulfilled its goal of examining the possibilities of linking national and democratic politics. It is true that some party political comments were also heard—according to some people, I have also done this, although I had not meant to—but the conference distinguished itself through its analytical abilities and intentions, and no one managed to turn it into an actual political debate. It is also an achievement that, in spite of the three political offers that emerged, the meeting did not uphold the right of decision. Szarszo dissolved the meeting with the message that the participants should think about the possibility of organizing a national roundtable where a national plan of reconstruction that would decide who is suitable for a coalition in this program could be prepared. I was disturbed by the lack of preparation and the voices resulting from false ambitions. I do not mind that quite wild ideas also emerged, at least we can clearly see with whom we will

definitely not be able to work. The "robe" of national unity is very large, but I will not accept it if these people also wear it.

[Szombathy] Many people had expressed concern that the presence of Istvan Csurka [chairman of the Hungarian Way movement] and his followers would put its mark on the conference. Is this what happened?

[Pozsgay] There was a normal balance. Naturally, Csurka's views gained ground, but they did not dominate. We did not have that kind of competition, although Csurka's followers would have welcomed it. As far as I could see, Csurka also understood that we have to adhere to the historic and logical order and that we can decide where people belong afterwards.

[Szombathy] You stated, quite clearly, that no one should believe that one could come to Szarszo and leave personal principles and ideologies behind.

[Pozsgay] I am still convinced of this, and that is why I think that Szarszo started rather than closed something. All issues need further clarification.

[Szombathy] I believe that some people misunderstood your statements on the liberal parties.

[Pozsgay] The exclusion of the liberal parties is out of the question. It would have been better if certain party chairmen had acquired accurate information on the speeches at Szarszo. Then we would have been able to continue our affairs with a discussion of principles, rather than with hasty personal remarks. At the end of my speech, I actually offered partnership. At the same time, the liberal minimum is necessary.

[Szombathy] What could be the message of the conference for the government and the current leadership?

[Pozsgay] It was the government representatives themselves, those who came to the meeting, who broke the line of dialogue—I am thinking mainly of [Defense Minister] Lajos Fur. They could not have expected that completely uncritical views, supporting the government on everything, would emerge here. Not to mention the absolute nonsense of what kind of government thinks it can only be present at events where all ideas are to its liking? In the mentality of government-party politicians and government members, I can always perceive the logic of persecuting heretics, namely that the person who is nearest to me is the furthest away from me [sentence as published]. Szarszo's message could be that democracy naturally means constitutionality and parliamentarism, but it cannot mean the exclusion of people and the rejection of their participation. In a fragile situation like ours, when democracy is on thin ice, without the direct participation of the people, it is impossible to bear the terrible burdens and to have them accepted.

National Security Minister Responds to Criticism

LD3008153693 Budapest Kossuth Radio Network in Hungarian 1400 GMT 30 Aug 93

[Excerpt] The National Assembly has resumed its work following the summer recess. Andras Domany reports from the parliament:

[Domany] As usual, the session started with pre-agenda contributions. Istvan Szentivanyi, deputy of the Alliance of Free Democrats [SZDSZ], objected to the speech by Tibor Fuzessy, the minister responsible for national security, which he made in Szarszo and in which he spoke about the secret services of neighboring countries whose main task is to discredit Hungary and the Hungarian minorities there. He believes that the minister should have made such grave statements in the competent committees of the National Assembly; he also blamed the minister for not taking into consideration the consequences of what he said for foreign policy. As he said, it would not be a good thing if the minister responsible for national security endangered national security.

Minister Tibor Fuzessy responded to this by saying that as a matter of fact he treated the issue very carefully and that what he said was true, although he could not go into the details to prove them here. And sometimes it is necessary not to remain silent about foreign allegations and discredits and not to simply tolerate them all the time. He found it strange, as he said, that there was an unwanted advocate, a protector of those forces abroad that might be offended. This was in turn rejected by Istvan Szentivanyi. [passage omitted]

Christian Democrats Suggest Brief Campaign

LD2808194193 Budapest MTI in English 1816 GMT 28 Aug 93

[Text] Budapest, August 28 (MTI)—The Christian Democratic People's Party (CDPP), one of the three government coalition parties, considers amendment to the cooperative law untimely and oppose enacting the opportunity for members to leave cooperatives in groups, the CDPP Executive Committee stated at its Saturday meeting. However, in a statement to MTI, the committee said this does not mean it objects to adjusting the outdated provisions of the law according to practice and members' interests.

In its position on the electoral campaign, the committee stressed it should be brief and cost-efficient. The party believes that equal opportunities for political parties during the campaign can only be ensured by an ethical professional approach on the part of the written and electronic press. "It would help pure elections if the electoral law excluded the possibility for former secret agents and armed defenders of the past regime to hold a seat in parliament," the statement says.

Bank Issues 1 Billion Marks Worth of Bonds

LD3008195693 Budapest MTI in English 1846 GMT 30 Aug 93

[Text] Frankfurt, August 30 (MTI)—The vice-president of the National Bank of Hungary, Frigyes Harshegyi, signed an agreement on the latest bonds issue of the bank, in Frankfurt on Monday.

August's issue is the second time this year the National Bank of Hungary (NBH) has put out DM 1 billion [German marks] worth of bonds in Germany, following an issue in spring. This time, terms are better: The interest is lower (8.75 per cent), and the maturity is ten years, starting from September 8, the date of payment.

A bank consortium led by the Deutsche Bank agreed to quote the DM 1 billion bonds, which were bought up within days. The NBH has issued bonds on the international markets ten times this year, and the sums gained totals USD 3.5 billion.

The raising of foreign loans will partly be used to finance debt repayment, which is USD 2.4 billion of capital, and USD 1.1-1.2 billion of interest, and to increase foreign currency reserves, which currently total usd 5.1 billion, but could be as high as usd 5.5 billion by the end of the year.

Private Trade Becoming Predominant

LD3108161093 Budapest MTI in English 1111 GMT 31 Aug 93

[Text] Budapest, August 31 (MTI)—The proportion of state-run trade in Hungary shows a steady decline, and more than one-fourth of trade today, with 60 per cent of shops, privately run.

The number of association trade ventures has risen tenfold since 1990, and that of private traders 3.5 times. As compared to the decline in trade of the past years, the latest trade development concept of the Ministry of Industry and Trade reckons with growing consumption by the population and an annual corresponding 1-3 per cent rise in domestic trade.

Capital concentration is to be moderated in the case of companies to be privatized, larger organizations will not be transferred to foreign ownership, rather giving preference to ownership by leaders and workers of certain state shops. The government is to discuss the trade development concept in October.

Due to a decline in the domestic purchasing power over the past three years, retail trade has decreased by an annual 8 per cent, and the proportion of domestic trade in the same period has dropped from 12 to 11 per cent of the GDP [gross domestic product]. Although production has also declined, traders are increasingly competing for customers, thanks to liberalized imports.

In the course of so-called preprivatization, some 10,000 state shops have been sold since 1990, and private entrepreneurs have opened their own shops, or leased facilities for trade, in an even greater proportion. The number of private shop-keepers rose from 43,000 to 150,000, and today they account for 27 per cent of trade turnover, and own 60 per cent of shops.

The number of commercial firms with foreign stakes has risen from 300 to 5,000 over three years, with the amount of foreign capital invested surpassing HUF [Hungarian forints] 35 billion, or about USD 365 million. The Austrian Julius Meinl chain is particularly established in food trade, and the Austrian Kleider-Bauer chain in clothing trade. As for catering, there are a dozen Macdonald's outlets in the capital alone, with the American Burger King, Pizza Hut and Kentucky Fried Chicken chains also expanding. Almost half of foreign capital has been invested in companies with Hungarian majority ownership.

Experts of the Ministry of Industry and Trade believe that the fundamental economic and institutional conditions of modern domestic trade already exist in Hungary.

They consider the norm system of the European Community as the example to be followed, and wish to incorporate the community's consumer protection methods and quality control rules into the Hungarian legal system.

The ministry considers the earliest possible approval of the law on economic chambers to be important, as these professional interest protection organizations can, according to the ministry, contribute to consolidation of market conditions, and to the creation of an entrepreneurial system of norms.

They also consider the elimination of monopoly situations to be just as important, therefore, the state will give preference to selling large companies to entrepreneurs after they are divided, to the person managing the shop, or to workers there.

According to concepts, major organizations will be transferred to foreign ownership more reticently, although this would, in the short range, solve the capital-consuming modernization of the privatized firms. Experts believe that this would be disadvantageous for market relations in the long term.

Ministry experts consider catering to be the classic area of small and family businesses. They propose the privatization of state-run-business chains working with a unified technology and technique to take place in a similar manner as that of major companies in other branches, with preference to be given to shop managers and workers acquiring ownership.

Official Discusses New Energy Policy

AU3008165993 Budapest NEPSZABADSAG in Hungarian 26 Aug 93 p 24

[Interview with Istvan Szergenyi, head of a main department at the Ministry of Industry, by Judit Kozma; place and date not given: "Energetic Relations With Europe"]

[Text] A national energy-saving program is already being worked out this year, said Istvan Szergenyi, head of a main department at the Ministry of Industry. We asked him about the future tasks of the recently-adopted energy policy program, Hungary's joining the Western-European energy systems, the need for a basic power station, and the possibilities of saving.

[Szergenyi] The major goals of the new Hungarian energy policy recently adopted by the Hungarian Parliament are the following: a secure supply of energy, joining the Western-European energy supply systems, consideration of environmental protection aspects, involving the public in decisions on energy matters, and increasing energy saving and efficiency. The secure supply of energy and joining the Western-European systems are closely connected, and the current unilateral dependence on energy imports—namely that our energy imports mainly originate from the successor states of the former Soviet Union—makes our supply of energy rather vulnerable. Therefore, we must diversify both our imports of hydrocarbons and our imports of electric power, especially the imports of natural gas, because we have two oil pipelines, although only the Friendship Pipeline is currently operational.

[Kozma] We have been preparing for all this for quite some time. Concretely, where does this activity stand? When will the construction of new gas lines commence?

[Szergenyi] The Mol Ltd. and the Austrian OMV are now preparing the contract for the construction of a gas pipeline between Gyor and Baumgarten, with an annual capacity of 4 billion cubic meters. Although there are still some open questions, most of the conditions of this contract have already been clarified. Given the fact that a gas pipeline can be constructed relatively quickly, we think that this pipeline will be operational in 1996.

[Kozma] What about Hungary's connection to the Western-European electric power supply system? Negotiations on this issue have been going on for quite some time....

[Szergenyi] We have been informed about the technical conditions for joining the system. Among other things, there must be a balance between the Hungarian energy production and energy consumption, and adequate reserves are also needed in case of a breakdown. The creation of these conditions is currently under way.

[Kozma] Obviously, this also means that we cannot import energy from there even by joining the system.

[Szergenyi] That is true. No country will build a power station in order to sell us energy. Joining the system is mainly important for a secure supply of energy because, in case of a breakdown, we can receive help from the UCPTE-system. [expansion unknown]. This system is almost 400,000 megawatt, and it gives great security to belong to this system. Joining the system will take place in two phases: The Hungarian, Czech, Slovak, and Polish electric power industries are already connected in the framework of Centrel, and the cooperation among these countries is being prepared now. The first test for autonomous operation—independently from the Eastern-European electric power system—will take place this year, and if this proves the viability of Centrel, we will also be able to join the UCPTE around 1997-1998.

[Kozma] Balance between production and consumption is one of the conditions for joining the system. We have such a balance now that the consumption of electric power has been decreasing for some time. But what next? In other words, what about the much-debated basic power station? In your opinion, when will we need such a station?

[Szergenyi] We think that a new basic power station will have to be operational sometime after the turn of the century; therefore, we still have about one and a half years to decide whether to use nuclear power, coal, or lignite for the new power station. We can see today that the decrease in electric power consumption has stopped, and this can also signal the start of an economic growth. However, as long as this is uncertain, the timing of the decision regarding the basic power station can change. At the same time, we must continue the preparations, because both the government and the Parliament will have to debate the proposals to be submitted by the experts. The public must also accept the proposals because, without this, construction cannot begin.

However, while there is only a debate going on about the basic power station, we continue to need the establishment of smaller, 100-150 megawatt combined-cycle power stations. For example, we are planning to build such a 150-megawatt gas-turbine block in Szazhalombatta.

[Kozma] How do you envisage the future control by the public?

[Szergenyi] One of the major elements of the new energy policy—and a government decision was also made about this—is that we can only build a power station stronger than 50 megawatts if the public gave its previous consent. For this, on 1 June 1993, we set up a committee that will examine the planned projects from an energy policy viewpoint. The investors will hire a public relations company to measure the reaction of the population to the planned project. If this reaction is adequate, the committee will call upon the local bodies to issue the building license, after examining the social, environmental, and economic effects of the plan in question. No

serious energy supply project can be built in Hungary without the support of this committee.

[Kozma] Steps have already been made to ensure efficient energy consumption: prices have increased considerably, and this encourages saving. What other means of saving are there?

[Szergenyi] According to the decision of the Parliament, we will have to work out a national energy-saving program as early as this year. For this, we set up a department in our ministry and, at the end of September, we will ask for proposals from the various ministries on saving conditions and possibilities. We will submit the program based on these proposals this year.

[Kozma] Such a program has already been formulated, and energy experts know quite well what must be done. On the other hand, the Finance Ministry does not show willingness to support such an action. What can we expect from such a program then?

[Szergenyi] Our energy efficiency is half of the efficiency of Western countries. One third of this is waste, and two thirds originate from our lagging behind in modernization. The energy-saving program is able to improve our energy efficiency by 20-25 percent, and we hope that we will be able to prove this with the proposals of the ministries. We expect the budget also to support saving; moreover, new international financial sources will be available for this purpose. All this would be very important all the more so because, without adequate encouragement and financial support, saving will remain a dead letter.

Suchocka on Delay in NATO Membership

LD3108223793 Warsaw PAP in English 1718 GMT 31 Aug 93

[Text] Warsaw, Aug. 31—Polish Prime Minister Hanna Suchocka on Tuesday criticised the North Atlantic Treaty Organisation (NATO) for its failure to commit itself to NATO membership by Central European states, and said that unless a NATO decision is forthcoming within the next few months, the states in the region would be forced to seek other solutions to their security problems.

Addressing a meeting of the Warsaw Diplomatic Corps, politicians and academics at the Centre for Eastern Studies, the prime minister noted that the pillars of Poland's pro-Western policy since 1989 had been integration with the European Communities, and membership of Western defence structures. However, there is little further room for delay. "A decision on membership and a timetable for Poland's acceptance into the alliance ought to be taken at the winter NATO heads of state meeting," she said.

If NATO fails to make an adequate response to these calls, then the states of the region would have to seek other means of defence based on regional cooperation she said, adding that "this would be a failure of the effectiveness of the Western security system."

Commenting on the directions of Polish foreign policy since 1989, Ms. Suchocka said that the return of Poland to her traditional links with the West had turned out more difficult than had been imagined at the time. She noted that many European countries were increasingly putting their own interests above that of the continent as a whole, particularly as recession deepens. "European politicians should understand that every irrational move on their part adds to the mood of social dislike for the West," she said, and added that it was unrealistic to expect from Poland courage in her reforms, while at the same time closing off markets for Polish products.

It was essential for the West to take a decision on its strategic stance towards Central and Eastern Europe, she continued, particularly in relation to security considerations arising from evaluation of the risks. She stressed that for Poland, Eastern Europe was not simply an area of threats, but as an area of "vast and still untapped potential for political and economic cooperation."

With the dissolution of the Warsaw Pact and the Council for Mutual Economic Assistance (COMECON), and the withdrawal of the forces of the former Soviet Union from Polish territory, Poland had broken the chains of imperial subjugation, Ms. Suchocka said. Poland had also concluded agreements of friendship and good-neighbourly relations with all its neighbours, with the exception of Lithuania.

In terms of foreign policy, the prime minister said that cooperation with the Visegrad group (Poland, the Czech and Slovak Republics, and Hungary), Polish-French-German contacts, and Polish-Ukrainian and Polish-U.S. relations could be described as being of a privileged character, she said. In particular, she stressed the importance Poland attached to the U.S. presence in Europe as a pillar of Poland's and Europe's security.

She also noted the importance of contacts with Ukraine, whose present difficulties were understood "with particular depth" by the Polish side. The Polish Government wished to see a Ukraine which was more strongly present in European economic cooperation, and looked for Western assistance in building up Ukraine's weak financial and credit structures, she said.

While stressing the government's commitment to the concept of creating a new order in Europe and the world, the prime minister drew attention to the weaknesses of existing international structures in coping with crises such as Bosnia and Somalia. She called for action to be taken against those guilty of war-crimes and atrocities in the fighting in the former Yugoslavia, and for moves to strengthen security in the regions once under Soviet domination.

Party Leaders on Russian Position on NATO Membership

WS0109070493 Warsaw RZECZPOSPOLITA in Polish 30 Aug 93 pp 1, 2

[Article by Anna Wielopolska: "Politicians Are Asking Questions; Yeltsin Agrees to Poland Joining NATO"]

[Text] **Responses by Polish politicians to a statement by Russian President Boris Yeltsin that Russia would not oppose our country joining NATO, were different.**

According to Jaroslaw Kaczynski, that attitude places Poland in an ambiguous situation and "in some sense determines Poland's status." Piotr Naimski of the Coalition for the Republic [KdR] said that "it is a painful thing that Polish authorities must ask the Russian president to generously review Poland's joining NATO." According to KdR, this places Poland in a situation of dependence on Moscow. The president's statement was received with more confidence by the Democratic Union [UD], the Christian-National Union [ZChN], the Polish Peasant Party [PSL], and the Liberal-Democratic Congress [KLD].

"In the past, our powerful neighbor to the East, as 'leader' did not allow us to conduct an independent policy, and today President Yeltsin's statement could be regarded as a declaration that Russia will not return to that role," said Andrzej Potocki of UD. According to UD, it is also "a recognition of Poland's pro-Western policy," and so it is a turning point in our mutual relations.

Jozef Oleksy of the Democratic Left Alliance [SLD] thinks that the statement has far more "nuances" contained in it than what the Polish government has seen. "I

did not receive a clear response on whether Russia has permanently and really given up treating Poland as an area of its influence," Jozef Oleksy says, while the leader of the Center Accord [PC] is afraid that—as happened so many times throughout Russia's history—we might now be dealing with a period of "smuta" [Russian term meaning a period of turmoil in 16th century Russia] after which another tightening of the Russian situation could take place.

Some politicians also regard Yeltsin's statement as a sign of a new way of thinking by Russian politicians.

This is the opinion of UD, Ryszard Makowski—chief of ZChN's election headquarters, and also Jacek Kozlowski of KLD. According to KLD, the president's statement is "proof of changes going on in Russian politicians' thinking," and PSL politicians are of a similar opinion.

KLD received the statement "with satisfaction," separating themselves, however, from the political dimension of Yeltsin's statement: "We are a sovereign country and the statement should result in no consequences in Polish foreign policy"—this is the way Jacek Kozlowski summed this up.

In the context of mere efforts toward our membership in NATO, the statement's sincerity raises doubts within PC and the Confederation for an Independent Poland [KPN]. The PC leader thinks that there was nothing binding in the president's statement. Whereas Piotr Naimski of KdR thinks that Russia's difficult situation should be taken into account, as should the fact that its president is facing a period of power struggle.

For KPN's Krzysztof Krol, the president's statement "perhaps will impress the Americans to some extent, but we do not believe that Russians should actually abandon the policy implemented until now."

According to KPN's leader, up to now Russians officially and unofficially protested Poland's joining NATO during all international meetings concerning the alliance. According to Krzysztof Krol, such was the situation at this year's spring session of the North Atlantic Assembly (an organization of parliamentarians similar to NATO) in Berlin, or in Brugia, where Minister Kozyryev said that moving NATO's frontiers of influence eastward represents an anti-Russian policy.

The PC leader also pointed to the discrepancy between the president's statement and Minister Kozyrev's policy up to now. According to Jaroslaw Kaczynski, Poland's entry into NATO upon open permission by Russia, makes Poland's status completely different than "what we would have wished."

"It would be better if we joined the alliance along the principles which applied, for instance, in the case of Belgium," Jaroslaw Kaczynski said.

Entry Into NATO Is Necessary for Poland

This is the opinion of the majority of politicians surveyed. KLD sees this question as a priority in Polish foreign policy. According to KdR, there is no alternative choice for Poland in the area of security, other than joining NATO. According to Piotr Naimski, "it is a good thing that thanks to the statement, the issue of Poland joining NATO is a live issue again, even more so because statements made by different politicians up to now, including Lech Walesa's proposals for an eastern NATO, introduced dangerous confusion into the entire issue."

KPN remains skeptical in its predictions, even though it also thinks that Poland should be under both the conventional and the nuclear umbrella of NATO. According to Krzysztof Krol, the plan seems ever less likely, primarily because Western politicians are less and less willing to spend money on NATO. Still there is no concept of a new world security system.

According to ZChN politicians, Poland's entry into NATO is not obvious, for reasons similar to those listed by Krzysztof Krol.

"Certain signals indicate that NATO is not willing to open up completely to us," says Ryszard Makowski of ZChN, but he adds that sooner or later it must happen.

"SLD is not opposed to Poland joining NATO," says Jozef Oleksy. However, SLD has a number of questions linked to that, concerning, among others, a change in the alliance's doctrine and military nature, and also the Polish situation— the issue of Poland's defense industry, the cost of restructuring the Army and of supplying it with new uniforms.

"We are also not clear on NATO's strategy regarding the CIS countries," says Jozef Oleksy, "so the issue of Poland as a potential buffer country for NATO is unclear." For SLD, NATO is one of the choices. Another could be provided by...

An Extension of the Network Created by the CSCE

...about which Tadeusz Mazowiecki spoke in his official government statement. Aleksander Luczak of PSL also emphasizes the possibility of extending the network elaborated by the CSCE. According to him, President Yeltsin's statement is also proof of Russia's turn toward NATO.

For Krzysztof Krol in turn, the CSCE is "absurd." He also believes that thinking about joining NATO was timely three or four years ago. According to KPN's leader, "President Clinton's statement has not been taken into account. He asks: Why should American soldiers be in Europe?" According to Krzysztof Krol, this obviously also brings NATO's future into question.

SLD Says Cooperation 'Necessary'

LD3108210693 Warsaw PAP in English 1741 GMT 31 Aug 93

[Text] Warsaw, Aug. 31—Leaders of the Democratic Left Alliance (SLD) said during a press conference in Warsaw on Tuesday that Poland's sovereignty and security must not be a subject of political games and are a common task for all citizens and political forces in Poland.

Referring to SLD's election programme one of its candidates for a seat in parliament Tadeusz Iwinski stressed during the conference that the main assumption of Polish foreign policy at present should be to guarantee that "Poland never stands alone."

In his opinion cooperation with NATO is necessary until a new system of collective security in Europe is formed. Poland should also cooperate with the Western European Union as well as individual states, "particularly our neighbours" and work at present towards the consolidation of structures operating within the Conference on Security and Cooperation in Europe, Iwanski said.

SLD leader Wlodzimierz Cimoszewicz added that the Democratic Left Alliance is of the opinion that Poland could join NATO only after the pact changes its character shaped in the period of political and miliatry confrontation in Europe.

Cimoszewicz stressed he could not imagine a system of European security without the participation of Russia.

Walesa Calls For Specific Election Programs

LD3108214293 Warsaw Radio Warszawa Network in Polish 1609 GMT 31 Aug 93

[Speech by President Lech Walesa marking the 13th anniversary of the Gdansk accords; at the Gdansk shipyard; broadcast in progress—live]

[Text] ... to mark the August anniversary, I come here to the shipyard every year to conduct a self-examination, with the participation of people gathered here, to balance achievements and failures. It so happens that since August 1980 I have participated in all major moments of Polish transformations and in the most important decisions for our country. Some people envy me, others sympathize with me. Very often I had to make very difficult decisions. Often I had to make them alone—sometimes democracy supported me—in different situations and through arrangements with various people. There were many people. Today, ever new and unknown heroes are joining. This road will be judged differently. In the light of new facts even our own opinion will change. I believe that history will justly evaluate that stage.

Today, we have to look to the future. I would, however, like to make an essential differentiation. Solidarity and August 1980 cannot be linked, nor in many respects even compared, to Solidarity of later times after the roundtable. August 1980 was a great rising of the Polish nation with a slogan: We want bread and freedom.

Martial law took freedom from us and divided the nation greatly. In different ways, part of the nation decided to fight for freedom up to the end. Freedom was to be followed by bread. With public support this group managed to regain freedom and Solidarity, but only in part. The great social movement from before December 1981 has not been recreated We have not regained the unity taken from us by martial law. Yet we had to go forward. I faced the question of whether I should wait for social unity and for public discontent to recreate the year of 1980. I chose a different path with all the consequences.

Today, we are exactly on this path. We have freedom and pluralism, but society feels that there is not enough bread. That means unemployment, high prices, lack of a feeling of security, scandals, and problems with privatization. In a country where there is no king or no dictatorship these problems have to and can be resolved only by choosing both programs and people. This is often forgotten by many people. There is simply no other road. No one, including myself, has authority from the people to follow another road.

But in a democracy you cannot share successes pluralistically, while blaming mistakes and failures on one man—most often the president. We are sailing aboard the same ship. That is why I ask everyone, especially the political parties and the voters: If you want things to be better, if you want better authorities, there is only one solution. Go and vote, because not going to vote is also voting. Choose the best programs and the best people.

Party programs should be concrete and express a position, something which we have not had so far. No prime minister has expressed his attitude to the president's program, not one of them; just look in our history. On the other hand, I ws unable to put pressure on any prime minister or government, because it was all so miserable, so weak, that the slightest breeze knocked each new government over. And so I stood back, I stood back and waited until the people really vote, really choose so that we are really going to implement things.

But this time round—because I am settling accounts—this time round, the first prime minister who stands up in a democratic manner and wants to be prime minister, the first question to him is: Tell us in public, are you going to implement the president's election program—the people elected him—or not? And I want to have a clear situation. If he says to me no, then I am absolved of all sorts of promises and I say: Democracy has chosen this kind of prime minister and don't blame me, I very much want to implement things but I simply cannot because that is the position taken by the authorities, by democracy.

Another thing I want during the election campaign and for the public to give its consent concerns what pillars of state are necessary for the state. Pillars, because we can

exchange partition walls even in those tower blocks you are living in. But try to change a pillar and you have neighbors—male or female—in you apartment if they live above you. That is why I am asking you and other parties: The state needs state pillars to be defined as quickly as possible. I am suggesting this; I do not know if I'm right.

First, I propose science and culture because the 21st century means great civilizational development. If we do not educate today, if we do not plan development today, theoretically, then we will face the consequences in 20 years. That is why science and culture have to have long-term peace and quiet. This is the first thing. [applause]

The second topic which concerns us all is the health service and social security. [applause] We have been saying funny things about it many times—even the president will not attend school and things like that but he is certainly going to need medical treatment and go to prison. Maybe. [Walesa laughs]

And of course the third proposal, as far as those pillars are concerned, which should be included in a party discussion, is the issue of internal and external security. After all, what happens on the streets affects everybody. Somebody says, the president promised that it would be safer. Yes, but the president could not foresee that the eastern border would open up; that 10,000 conscripts sent to bolster the police instead of the army would melt away and that this would be not enough. So we did not foresee some things, but it cannot go on like that. In a couple of hours [as heard] the country will be completely free. All Russian or rather former Soviet troops will be withdrawn this month [by the end of September]. It will be necessary to clean the country up and to put things in order. No gangsters from the east will run the show here as has been the case so far. We will crush the lot, but it is necessary for these pillars to be guaranteed, and ways and means secured. I propose to include this in discussion as a pillar necessary for the state.

Parties also need to define their stand toward ownership transformations. How many times you heard me say that one cannot make a great economy when we have no answers to several questions.

First, what should stay in the hands of the state alone? Are we talking about rail, aviation? Let us be specific about it. This has not been specified so far. One is selling, another is buying and someone else is looting.

Second, and again, I would like it to be specified during the election campaign, over what and to what extent can and should Poles alone have 100 percent ownership, what can be sold up to 50 percent, and what can be sold up to 100 percent. [applause]

So, these three elements have to be arranged as soon as possible, and here I appeal to you and to all parties, or we will continue not to speak about the point in question and there will never be order in the country.

There is another matter. Ladies and gentlemen, I have dissolved the parliament. The reasons for this are known. That was also the will of the majority of the people. I trusted that the people will correct the programmatic and personnel mistakes, and I still hope for this correction. I have put forward the initiative to create the Non-Party Bloc in Support of Reforms] [BBWR]. I wanted to give an opportunity to those who—well—are not political, to those who have noticed great mistakes. I have created such an opportunity, although many people are blaming me for this.

I hope that all these arguments which I have been guided by will be raised in a direct discussion, so that everyone understands that I am doing everything possible, supplying to the people every solution which will maximize the possibility of serving those very people. I am always going to think up solutions, hearing the voice of the people, so as to provide opportunities. The country belongs to all of us. There are many problems in the country which I have enumerated. But no one is going to put the country in order, and under the categories and arguments by which we are guided, this can only be done through elections. There is no other road and no one has a mandate for another road.

From this place, from this very place, the birthplace of Solidarity, I issue a call to act as one. Ladies and gentlemen, here and in all other places, remember how much we have achieved while marching together. We are sailing aboard the same ship. We can argue and differ but within the limits of security and of the course which has been laid down. After all, we have one objective—Poland.

Thank you very much.

Party Leaders Make Campaign Statements

LD3008210093 Warsaw PAP in English 2036 GMT 30 Aug 93

[Text] Warsaw, Aug. 30—Leader of the Centre Alliance Jaroslaw Kaczynski said on Monday he would join a government coformed by his party.

Kaczynski, asked during a press conference in Lodz, what post he would choose in such a government replied: "While appointing a prime minister, I would remember that I am tired of supporting others."

Chairman of the Solidarity Trade Union Marian Krzaklewski addressing a preelection meeting of the union's western Pomerania chapter proposed to union members a general support for Solidarity candidates during parliamentary elections instead of a general strike as some have demanded.

"Our union is running for parliamentary seats not to take over power, but to have direct influence on the shape of laws."

Deputy Chairman of the Christian National Union Henryk Goryszewski taking part in a preelection meeting

in Tarnow on Monday stressed that the economy "is the key to solving our current problems."

"We want an economic policy which would successfully cope with the problem of unemployment and aim at boosting production and improvement and protection of the home market."

Michal Boni presenting on Monday the Liberal Democratic Congress' electoral programme in part concerning Poland's education system, stressed the need for the prolongation of compulsory education to the age of 18.

He said that 71 per cent of unemployed are unqualified workers. Better educated people can find a job much quicker, stressed Boni.

The Liberals proposed the improvement and opening of secondary level education to a greater number of pupils and the creation of a scholarship system which would enable greater access to higher education.

Meanwhile, results of a recent poll carried out by the CBOS Public Opinion Polling Centre predicted a 46 per cent election turnout during the September 19 parliamentary elections.

According to CBOS, the lowest turnout is expected to take place in small cities and in the rural areas. 72 per cent of those who said they would not vote said they are dissatisfied with the current situation in the country and lack of significant changes for the better.

Article Considers Parties' Economic Objectives

AU3108181393 Poznan WPROST in Polish 29 Aug 93 pp 15-17

[Article by Mariola Balicka and Stanislaw Janecki: "Cards on the Table"]

[Text] The economic election programs of most parties begin with an assessment of the system in force. Opposition groups are not afraid of using strong words. The Confederation of Independent Poland [KPN] talks of an "oligarchic economy," Party X talks of a "bureaucracy infected with theft and espionage," the Union of Real Politics [UPR] talks of a "caretaker state," and the Polish Union demands the construction of a "new Polish state" to replace the present system.

Rather less strong are the differences between the economic systems postulated by the various parties. Extremist ideas are expressed, on the one hand, by the UPR, which has been calling for a completely free market for years, and on the other hand by Farmers' Self-Defense, which has been calling for the pursuance of a "third road" or "alternative (Polish?) road." The Polish Peasant Party [PSL] wants a "controlled market economy"—in other words, greater state interventionism. The latest pre-election economic slogan must be "social market economy." First uttered by Adenauer, this expression is firmly identified with the success of the German economy. Therefore a lot of Poles think that it will act as a magic formula and guarantee success for the Polish economy as well. The slogan is dear to the hearts of the Democratic Union [UD], Liberal-Democratic Congress [KLD], Democratic Left Alliance [SLD], Union of Labor [UP], and Non-Party Bloc in Support of Reforms [BBWR], which shows that it means different things to different people.

To the ruling parties (UD, KLD, and Christian-National Union ZChN), it is clear that the budget must be evened out because a budget deficit means a waste of the money that would otherwise be spent on development.

At the same time, these parties underline the need for a "wise" application of the budget in the social product, i.e. the kind of application that does not necessitate an increase in taxes, and at the same time does not endanger the most important functions of the state. The left-wing groups (SLD, PSL, UP), plus the KPN and Farmers' Self-Defense, find it easier to reconcile themselves to a budget deficit and inflation than to a recession and unemployment, especially because they are in no way responsible for the budget. Therefore they maintain that "dogmatic monetarism" has stifled demand, and consequently production, and has led to a "tax abyss" and a permanent hole in the budget.

Therefore, first of all, one should not go into hysteria about inflation. "We are condemned to have inflation at an annual level of 20-25 percent for a good many years to come," say the authors of the PSL economic program with stoic calm. In this connection, it is not necessary to make a fuss about the budget deficit. "It will not be possible to avoid a rather high budget deficit," we read in the UP program materials. "Any attempt to reduce the budget deficit must lead to tension in the economy and society," warns the SLD. The opinion that one can live with inflation naturally leads to a demand that more money be issued. The most far-reaching view in this regard comes from the KPN: "The money supply must exceed the dynamics of inflation." According to the PSL, a relaxation of the "restrictive" monetary policy should not cause an increase in inflation beyond the "permissible" 20-25 percent because, in this party's opinion, inflation so far has been the result of "excessive costs" and not a valueless zloty. Somewhat more cautious is the opinion of the SLD, whereby one should combine an increase in the money supply with an unspecified "comprehensive and effective control that guarantees that money will be spent on investments and not consumption." These parties also share a common desire to reduce the interest on credits to a level that would mean abandoning the principle of having an interest rate that is higher than inflation.

The right-wing Polish Union blames budget problems almost solely on economic scandals. The cure is straightforward: One should put an end to smuggling, draw in 20 percent of all unpaid taxes, impose tax on the "gray economic zone," and ban dishonest financial transactions designed to avoid the paying of tax (mainly in

banks). The 18 trillion zlotys gained this way could then be spent on improving education, the health service, and police force.

The UD and KLD would like to combat unemployment by means of financial incentives to firms that create new jobs, such as lower taxes, and cheap credits. The KLD also hopes for support for its campaign entitled "Buy Polish Goods" and its promotion of exports. The UD wants to see financial concessions for unemployed people who become self-employed and produce goods. The left wing wants a more militant involvement by the state in eliminating unemployment. The Union of Labor wants a "national anti-unemployment program" whereas the authors of the PSL economic program imposes upon the state the duty to see to it that everyone enjoys his natural right to work. The appointment of a National Council for Combating Unemployment is also called for. Party X sees no problem at all; the state must guarantee work for everyone, that is all. From a diametrically opposition direction comes the lone voice of the UP, with its opposition toward any non-market methods of controlling unemployment. The UPR says that a liberal economic mechanism is quite sufficient to keep everything under control and that benefits, an instrument of demoralization, should be abolished.

There is no alternative to a consistent privatization, claim the UD, KLD, and UPR in their economic programs. The UD considers privatization to be the basic method of restructuring enterprises and the entire economy. The basis of ownership changes would consist of the issue of shares to the public, together with the closure of inefficient plants, and the privatization of communal facilities, banks, insurance firms, and a part of the public sector. The UPR calls for a general and unrestricted capital privatization based on mortgages and the complete privatization of the public sector.

The left wing (SLD, PSL, and UP) demand equal treatment for state and private property. Therefore the privatization of state enterprises should be the result of economic circumstances and not "doctrine." "The public and cooperative sectors cannot be discriminated against any longer," says the UP. The SLD calls for an end to treating state enterprises as "postcommunist economic structures that must be closed down for reasons of ideology and doctrine, whether or not they are efficient," an approach which it considers ruinous to the economy." Hot on the heels of this postulate is another one—"an end to the privatization of the most efficient state enterprises that supply the greatest income to the state budget." The UP would be willing to accept privatization "at a normal market tempo, provided that budget revenues are not diminished." Says the SLD: "One cannot contemplate the solution of the main problems of privatization at a time when the private sector is incapable of paying its taxes." All the left-wing parties have misgivings about general privatization because it might lead to a "loss of sovereignty on account of the domination of foreign decisionmakers with unknown economic links with foreign circles" (the PSL), a further financial division of society (SLD), and the removal from society of a major part of its assets (the UP).

The left-wing parties are quite clear in their criticism of general privatization but not so clear about alternatives to it. The SLD and UP suggest a general enfranchisement of society, Party X wants to give all factory assets to their employees, and Farmers' Self-Defense wants an end to the liquidation of enterprises and the preservation of the entire infrastructure of real socialism in order to safeguard "a dignified lifestyle."

The KPN voices the loudest criticism of the ownership changes so far, saying that society is deprived of control over Minister Lewandowski's methods of privatization, which are disenfranchising society and enfranchising the old and the new nomenklaturas. Instead of a Latin American mode of privatization ("a narrow group of owners and a great mass of poor employees"), the KPN prefers a middle class, meant to emerge thanks to the privatization of small and medium-size enterprises.

The UD wants a liberal trade policy, i.e. reduced protection for domestic producers by means of a gradual lifting of import barriers and easing of customs duties. The KLD calls for the elimination of protectionist barriers, which breed inefficiency and high costs. If the UPR wins the elections, it will immediately abolish customs duties on most goods. The duties on agricultural produce and on products of "industries reacting slowly to changes" would be lifted six years later at the latest.

The more left wing the parties, the louder their calls for anti-import barriers and greater protectionism in domestic economic policy. The UP wants better protection for the domestic market, including more effective control over imports of alcohol, tobacco, food, and fuels. The SLD wants to cut food imports by means of duties and protect Polish farmers against "dishonest foreign competition." The PSL wants minimum procurement prices for basic agricultural products. Farmers Self-Defense sees Poland's opening up to the world as a general sellout of national interests and a general threat to the country's existence. The solution to this is an all-embracing "caretaker" function of the state, perceived as the collective expression of the will of the "common citizen."

Three Million People Now Unemployed

LD3008191193 Warsaw TVP Television First Program Network in Polish 1730 GMT 30 Aug 93

[Relayed by TV Polonia Network]

[Excerpts] Almost 3 million Poles are out of work; one in three lives in the rural areas, and over half the unemployed have lost the right to unemployment benefit. Almost two-thirds of the unemployed are under 35.

Parties participating in the elections claim that the fight against unemployment is one of the most important

points in their programs. It is difficult, however, to obtain a clear answer on where they will find the money to finance their ideas.

[Reporter] According to the Central Planning Office, economic growth must reach 6 percent next year to prevent unemployment from rising. The parties agree that economic development may only be guaranteed by cheap credits and tax relief for those creating new jobs. Generally, the politicians are aware that the budget is unable to support the entrepreneurship: only 17 percent of the budget has been allocated for investment projects. [passage omitted]

Economists believe that parties are afraid of telling the electorate the truth: Unemployment cannot be reduced without an increase in outlay for investment projects, and this means the freezing of pay, and even taking pay cuts.

Iliescu Views Political, Economic Progress

AU0109061093 Bucharest DIMINEATA Supplement No 85 in Romanian 27 Aug 93 pp 2-4

[Interview with President Ion Iliescu by publicist Solal Buhrer of daily LE MONDE; place and date not given: "Romania, a Country Open to the World"]

[Text] [Buhrer] How would you characterize the current situation in Romania?

[Iliescu] I think that, on the political level, we have gone through a busy period with profound changes that have created a normal democratic framework with the usual political controversies, as is customary in democratic countries. We have created a state governed by law with a modern democratic system. There have been two elections: the general and local elections in 1990 and then another general election in September-October 1992. We have a bicameral parliament. Powers are separated and are functioning in conformity with constitutional provisions, something that means that life has begun to function normally from this point of view. We are living in a system of democracy-in-action. Certainly, problems still exist. There are 200 registered parties of which 90 participated in the elections with their own lists of candidates, while 11 parties are represented in parliament. In addition, ethnic minorities also have their representatives in parliament. This means that a selection was made during the elections themselves.

A general process of stabilizing the political forces is taking place. Their main political and ideological orientations are in the process of crystallizing, something that will contribute to general stability. We can say that things are progressing on the political level.

[Buhrer] Do you rely on a stable majority in parliament?

[Iliescu] No. We have a minority government. The last elections did not result in a majority party. Likewise, it was impossible to form a majority coalition. There were negotiations in this sense. I even proposed a government of national unity. I thought that, given the difficult conditions in our country, it would be normal and welcomed by everyone to have a government of national opening. This was, however, not possible. Then I proposed a platform of national understanding on the political level, like the Spanish model. There was a beginning of a common platform; there were negotiations for a couple of days; a text was being formulated, but in the end it was impossible. Thus, things are still at the stage of tacit understanding through which the opposition promised to play a constructive role. Logically there were two possibilities: Had a government of national unity been formed, this would have meant the elimination of political opposition, because all forces would have assumed political responsibilities and some people would have thought that I wanted to eliminate the opposition in this way.

I do not belong to any party; in accordance with the Constitution, the president is above parties, he has to withdraw from the party he supported during the elections.

[Buhrer] But the president nominates the prime minister...

[Iliescu] Yes, he proposes him.

[Buhrer] And the prime minister belongs to your party, your former party...

[Iliescu] Yes, but there could have been a different choice, because this party has less than 34 percent of the seats in parliament. This could have been possible and, in fact, the party proposed this solution to the others, because there is a second variant: Under extremely difficult conditions one should not assume political responsibility. One should let those who have won most of the votes assume responsibility. To assume responsibility means to erode one's political capital. No matter who governs and who assumes responsibility, it is clear-cut that his political position will erode. Thus, it is better to stay in the opposition and to play the opposition role in order to "accrue points." I understand this cynical way of presenting the problem.

Thus, there was no other solution except to form a minority government.

[Buhrer] Do you still propose the formation of a government of national unity, or is this passe?

[Iliescu] No. I continue to be open-minded toward the creation of a new platform of understanding among the political forces, but I do not think that a government of national unity will be formed with the participation of all the parties in government. Maybe it is possible to find a different form of coalition between certain forces, although I think that no one wants to assume responsibility. I believe that we will continue to have a minority government that involves the usual parliamentary games regarding the promotion of certain laws. The necessary support has to be found for the adoption of a given law each time.

[Buhrer] Thus you think of a majority in mathematical terms when it comes to promoting certain laws in parliament...

[Iliescu] Yes, it is a dynamic political game.

[Buhrer] In that case, who are your political opponents in parliament?

[Iliescu] I have no opponents...

[Buhrer] Not you, but the prime minister.

[Iliescu] And thus the government...

[Buhrer] Yes...

[Iliescu] There are six or seven parties that form the opposition: the National Peasant Christian Democratic Party; then the party of the former Prime Minister Petre Roman, which today is the fiercest opponent, then a faction of the Liberal Party, so to say; the Civic Alliance Party, which is also of a liberal orientation; a party of the Hungarians; the Social-Democratic Party, in fact there are several parties of a social-democratic leaning—even the party that formed the government is a party with a social-democratic leaning; and then an ecological party.

[Buhrer] The majority party—which has only a relative majority—is sometimes accused of relying on extremist parties. Does this not disturb you?

[Iliescu] The notion of extremist is very relative. There are extremists everywhere—on the left and the right. There is Romanian nationalist extremism, just as there is Hungarian nationalist extremism. Extremist forces always emerge during periods of economic and social crisis. This can be noted everywhere in Europe. But there are extremists within all parties, regardless of their orientation. Thus, this notion is very relative and one should not view an entire party as being extremist just because some of its members behave like extremists and use extremist terms, because this is what happens. It is incorrect to consider certain parties as extremist parties only because some people practice an extremist policy, as for instance Mr. Funar, the mayor of Cluj, who has been the subject of discussions. But this does not hold true for Mr. Funar's entire party. There are quite a lot of moderates in that party.

[Buhrer] However, one can note fascist tendencies within the government...

[Iliescu] Not in the government. True, certain formations of a fascist orientation have emerged. They want to resurrect the pre-war fascist ideology and Romanian fascist figures.

[Buhrer] And this does not disturb you?

[Iliescu] Of course it disturbs me. But these people are not in parliament. On the contrary, they oppose the government and the entire regime.

[Buhrer] What does the transformation of Mr. Roman's party—the FSN [National Salvation Front]—into a democratic party mean?

[Iliescu] It is not a transformation, it is a new name. Generally speaking, Mr. Roman has moved from the center left to the center right.

[Buhrer] Did you have ideological differences with Mr. Roman or only personal ones?

[Iliescu] We do not have personal differences. He is an ambitious and vain person. I gave him a lot of credit because he did not have any political experience. He never even headed a team of 10 people. The responsibility of being prime minister was too much for him. Had he shown greater modesty and decency, he could have learned and could have used the experience of other people. But his nature proved not to be up to the level of a responsible politician.

[Buhrer] But, in the interest of the country, do you not think that an understanding could be possible with people like Mr. Roman?

[Iliescu] Not with people like him, but his party has many members, people aged 45-46, who are very determined to change. Maybe life will teach him something as well; maybe he is an intelligent and dynamic person; he has many qualities. But his character...

[Buhrer] When I visited Romania two years ago, I had the impression that political debates are degenerating. Do you think that things have become more civilized since then? You, as the president, have you done anything to lessen political tension?

[Iliescu] I am making constant efforts to lessen and ease tension. In any case, considerable progress has been achieved. If we take the year 1990: Disputes were taking place in the street. In connection with the miners, people even said that Iliescu had mobilized the miners in the country and that "he had called them" to Bucharest. Certain forces took pleasure in mobilizing quite large social groups. That was a period in which various tensions prevailed. Street confrontations prevailed in that period. Now all these confrontations have moved to the parliament and the press. The language is still rough and uncivilized, but I still think that some progress can be noted and that there is hope for future progress. As a matter of fact, I can note that controversies can be very sharp even in countries with greater political experience.

[Buhrer] Do you think that Romania is progressing in learning the ways of democracy?

[Iliescu] I am sure of that.

[Buhrer] And that democracy is consolidating?

[Iliescu] It is consolidating. That is no problem. Our real problems are economic ones. The transition to a market economy is a long, difficult, and complex process. In policy, rapid changes may occur in quite a short period of time. In the economy, we are talking of a system in which disruption may occur or not. Disruptions create major difficulties. This process of transition from a centralized state economy to a market economy is long and difficult. We have adopted numerous measures, some of which were taken under "spontaneous" conditions, so to say. At the beginning of 1990, no one wanted to accept supervising economic forums to guide the economy in a planned way. The State Planning Committee, industrial centrals, and the other central bodies were eliminated. All this created numerous problems, because a certain logic of the economic system was disrupted, without being replaced with something else.

Thus we have been active in the transition to a market economy at the legislative, institutional level and at the level of economic mechanisms, but we are going through

a process that will take a long time. Privatization is a process that was initiated at the beginning of 1990. But when there is no domestic capital, one cannot proceed to sustained privatization. We can take the example of Germany, where quite solid financial resources exist. Western Germany, which had a very solid economy, has integrated the GDR economy, which was superior to the Romanian economy or those in the other Eastern countries. And yet, for three years now, the restructuring process has led to a large number of unemployed and the closure of enterprises; thus, the restructuring process, privatization, and the transition to the market economy cannot be achieved even by injecting important capital. Therefore, you can imagine what this transition means in our country when there are no financial resources, when there are no domestic resources, when the current industrial production represents only 50 percent compared with 1989, and when no capital is being injected from abroad; the foreign capital we receive is quite a modest amount. Likewise, we have no credit sources. Thus, this process is difficult.

We can, however, say that there are two kinds of problems: On the one hand, domestic problems linked to the transition process and, on the other, the general international situation in this area, in which Romania's traditional partners were located—CEMA [Council for Mutual Economic Assistance] and the Soviet market—thus the disappearance of energy and raw material sources and of the markets for Romanian products. All that, then the Gulf crisis, and now the Yugoslav crisis, have created difficult conditions for the Romanian economy; hence the 50 percent industrial production, the inflation, and the unemployment. These are the most critical processes.

[Buhrer] What are Romania's main economic indicators and the unemployment rate?

[Iliescu] One million unemployed, that is almost 10 percent of employees; the inflation rate is 10 percent a month; exports represent only one third of the 1989 exports, while imports have increased; our trade balance is negative now, while formerly it was positive. However, that was achieved under abnormal conditions, because Ceausescu made great efforts to eliminate foreign debts in the past 10 years. What was, on the one hand, a positive element—the fact that there were no debts—was, on the other, a negative element: Imports decreased, some of which were vital, for instance the import of technologies needed for the modernization of certain branches. This created additional difficulties.

[Buhrer] How high are Romania's foreign debts now?

[Iliescu] Now there are only those debts linked to current credits, that is approximately $3 billion. If you compare this with Hungary, which has more than $20 billion, or Poland with its more than $10 billion, then our debts are quite low.

[Buhrer] As far as economic restructuring is concerned, do you think that its substance has already been reached, or will things continue to deteriorate for some time to come?

[Iliescu] I hope that this year will mark the beginning of the normalization and the recovery of the economy. From this point of view, there are two positive aspects, or maybe even a third one, which is the formulation of the national strategy for economic reform.

After three years of experience, during which spontaneous moves were noted, at the beginning of the current year the government presented, to parliament and to the public, an economic reform strategy, namely a national strategy for the transition to a market economy, which offers a general picture of what the economic reform means at the level of macroeconomic restructuring, enterprise restructuring, at the level of agriculture, public services, the banking and financial system, and at the level of social protection, which is of vital importance in our country; it also offers a picture of the privatization process, which is an important element of the entire reform process, and of the privatization forms.

The second element is the fact that the economic indicators prove that, during the first five months of the current year, the industrial activity improved compared with the previous months. This is a major objective; we have to stop economic decline. We can hope that this year we will stop this decline and relaunch the industrial production on the new bases of restructuring and privatization. Moreover, agriculture has also scored positive trends: We have had two extremely difficult years because of a prolonged drought that affected output. At the same time, the dismantling of cooperatives generated additional difficulties for agriculture. Now we have five and one-half million owners in agriculture for nine million hectares. This splitting-up of plots of lands does not favor a highly productive agricultural production. But it is an objective situation. The idea of cooperatives was compromised by the irrational state policy practiced by the former regime. Agriculture, however, is a very important sector. I think that, after France, Romania has the best conditions in Europe for a highly efficient agricultural system. There is hope. I think that, from an economic point of view, this year is decisive.

[Buhrer] What is the food supply situation for the population?

[Iliescu] It is better now, although prices are higher. But we no longer have the situation there was before 1989, when food products simply disappeared from the market, because they were all exported. Now, the market is better supplied with produce, but the problem is inflation and the high prices.

[Buhrer] Do you think the Romanians will have to tighten their belts for much longer?

[Iliescu] The situation is not easy. In 1989, the Romanian economy was already in a difficult phase. Living

standards were low and the measures taken by Ceausescu to increase exports caused hardship for the population. Therefore, the people hoped that, with the fall of the totalitarian system and the establishment of democracy, the expected improvement of their living standard would also come to pass. Now, that there is freedom and you can say what you want without any restraints, other sources of dissatisfaction have emerged, such as unemployment, the lack of money, and higher prices. One should view reality as it is and openly tackle all these problems. The living standard has decreased. The purchasing power is 60-70 percent of what it was in 1989, which had already been a difficult year.

[Buhrer] Are you not afraid that the sacrifices you are asking the population to make might lead to a social explosion?

[Iliescu] This is possible. But we are not asking the people to make these sacrifices for nothing. This is an objective situation created by the domestic and international situation, hence we should take some steps. This is the reality.

[Buhrer] After the shock provoked by the price liberalization, did you manage to stabilize the situation?

[Iliescu] Yes, we negotiated with the trade unions. The negotiations were held in public, everybody could follow them...

[Buhrer] But this is only the formal aspect...

[Iliescu] Yes, an agreement has been reached with the government. Right now, negotiations are being conducted on the spot, in each enterprise and sector of activity. Problems still exist and new ones keep coming up. Talks were held with the railroad corporation and the railroad trade unions. The latter came up with unrealistic demands.

[Buhrer] Are you not fearing new strikes in the near future?

[Iliescu] Of course, such strikes might occur...

[Buhrer] What measures have you taken after the accusations of corruption leveled at certain ministers?

[Iliescu] These accusations will be examined. But they are just that: mere accusations without proof.

[Buhrer] Do you mean to say that there is no longer corruption in Romania?

[Iliescu] On the contrary, there is more corruption. In Romania, corruption existed in the past, too, in connection with the abuse of power. Power generally corrupts and totalitarian power corrupts quite seriously. Now, we are faced with new forms of corruption, linked to the transition process and the market economy, at a time when there are no properly defined and consolidated legislation or bodies to intervene. Corruption has acquired a serious scope, even in the state apparatus. Regarding the nominal accusations made, these are problems that must be checked and proved. I even launched an appeal for the adoption of very severe measures to stop corruption.

There are two ways to fight against corruption: On the one hand, by actively promoting the economic reform and privatization with very efficient measures; and second by taking legal steps to strengthen the authority of control bodies. Some people, including certain revolutionary organizations, have asked for privileges by invoking the certificates of participants in the revolution. Parliament discussed a draft bill submitted by these organizations and voted a law on certain facilities for the participants in the revolution, such as exemption from taxes.

[Buhrer] Is there a danger of creating a society with several speeds, that is with individuals that do not share the same position of equality?

[Iliescu] The problem exists. It seems that there are already thousands of people with such certificates.

[Buhrer] It seems that these certificates are being sold or negotiated for something between $100 and $1,200. At least this is what I was told.

[Iliescu] This might be so. There are people who have personal ties with these organizations of revolutionaries. But this is not the most serious corruption problem.

[Buhrer] Do you believe the conditions for offering a minimum of guarantees for foreign investors have now been met?

[Iliescu] Yes. Our legislation, compared to that in neighboring countries is a most liberal one. It offers pretty favorable conditions to foreign investors.

Now, we will have to implement a law on the free zones—I am mainly referring to the Black Sea and Danube area—where we want to set up absolutely free zones, without taxes and with facilities that can encourage foreign investors. Things have already started moving there, and I believe that this is a positive step. We already have 30,000 joint enterprises with foreign capital: some 800 from France, almost 1,000 from Italy, and some 250 from Switzerland. As far as the size of that capital is concern, it amounts to approximately $1billion.

[Buhrer] Who are your main trade partners?

[Iliescu] Germany, France, and Italy, then England, the Netherlands, and the United States.

[Buhrer] After [British Foreign Minister] Sir Douglas Hurd's visit to Bucharest, what is the situation of Romania's application to join the EC?

[Iliescu] We have already signed an association accord with the EC this year, as well as with the European Free Trade Association [EFTA]. Therefore, we are on the right track.

[Buhrer] Compared to other countries, such as Poland, Hungary, Czech Republic, or Slovakia, do you not fear that you will be treated as a "second league" country?

[Iliescu] This is another problem. I have always felt this attitude, but I believe it has to do with the general situation of the European economy that holds reservations toward the new partners. This particularly applies to Western companies that look upon the Eastern countries more as markets, rather than business partners. I believe that one should change this view.

[Buhrer] Have you began to observe the norms envisaged in these agreements?

[Iliescu] Yes. However, we started with the norms that establish the size of our exports of steel, textiles, food, and other products. In other words, international free trade exists, but it is surrounded by restrictions.

[Buhrer] I would like to ask you a question about the situation in the Balkans. What is the situation at your border with the former Yugoslavia?

[Iliescu] We are witnessing contradictory developments in Europe. On the one hand, there is a tendency toward integration in the West, particularly at the economic level, an evolution that has been going on for a number of years. In the East, one notes the opposite phenomenon: a delimiting tendency by national criteria and even more. All the federative states there fell apart. I believe this is an objective reaction to an entire period of the imposition of the tendency to make people and nations akin, along with such other trends as centralized and even supranational guidance. All this was alien to human nature, which likes diversity, the diversity of national, religious, or other groups, and even the diversity of individuals. Therefore, this is a normal reaction, after the repudiation of a system that was rigid in this respect.

[Buhrer] Are you not afraid that the "rottenness" of Bosnia-Herzegovina might spill over into other Balkan countries?

[Iliescu] I do not think so. Nobody is interested in that. I also believe that, with a more reasonable policy there, the conflict could be halted. Military measures and conflicts have proven inefficient. Problems cannot be solved like that. Military conflicts aggravate tensions, stimulate most extremist trends, and set up new barriers. One should look for political and peaceful solutions instead.

[Buhrer] What about the relationship between Romania and Yugoslavia, or Serbia if you like: Is the embargo total?

[Iliescu] Yes, and it has some very harsh consequences for us.

[Buhrer] Have you calculated how much it has cost you?

[Iliescu] Yes. We calculated the direct and indirect consequences, which amount to some $7 billion.

[Buhrer] Apropos Transylvania and the Hungarians, is there no danger of an explosion like in Herzegovina?

[Iliescu] This is not possible. The Hungarians number 1.7 million people, that is 7 percent of Romania's population of 23 million. Indeed, they are the largest minority in the country. We are not a multinational state, but a state with several national minorities.

All European states have national minorities. Hungary itself has national minorities amounting to 10 percent of the population. There are also Romanians in Hungary, although not in such large numbers. They total some 20,000 people. After World War II, there were 200,000 Romanians living there. According to 1916 statistics, their number was put at 160,000. Due to the assimilation that has taken place in the course of the time, their number has shrunk to only 20,000.

All countries have national minorities. On the one hand, there is the issue of the state's relations with the minorities on its territory. In this respect, I believe that Romania is above established standards regarding minority rights. The minorities are represented in Parliament and on local councils, have schools in their own mother tongue, and have their own newspapers, theaters, cultural institutions, and radio and television stations. On the other hand, there is the relationship between each state and its fellow nationals living in other states. From this viewpoint, I believe that the policy of certain circles in Budapest is not right, and it is in dissonance with the European principles of relations among states. When a prime minister claims to be the prime minister of all Hungarians, not only of those living in Hungary, but also of those living beyond its borders, this is not mere paternalism, but sheer interference in the affairs of another country.

We also have Romanians—some one third of them—living outside the country's borders; the same as the Hungarians, one third of whom live outside Hungary. But we do not claim to run the lives of the Romanians in other countries. We believe that they should be loyal citizens of the countries they are living in. In my opinion, this is a correct democratic principle of relations among states. Only on the basis of this principle will we be able to turn the national minorities into bridges between states. Otherwise, the practice of claiming the right to interfere in the life of the minorities living in other countries will always create mutual suspicion and tensions among countries.

[Buhrer] Some Hungarians in Romania went so far as to accuse the government of ethnic "cleansing," saying that it is only done "more peacefully."

[Iliescu] Mr. Tokes [Bishop Laszlo Tokes, honorary president of the Democratic Union of Hungarians in

Romania] made certain remarks that I would... well, I would rather not qualify. Anyhow, those remarks caused some very lively reaction, to say the least.

[Buhrer] Nevertheless, you do not seem adverse to talking with Pastor Tokes?

[Iliescu] Of course, but not on those terms.

[Buhrer] Another brief question, if I may. What is still left from the Ceausescu era? Are there still some leftovers, or has a line been finally drawn there?

[Iliescu] Leftovers will always exist in the people's mentality. Talking about the economic reform and the market economy, there are major difficulties regarding the structure of the economy, the mechanisms, legislation, and institutional forms. Nevertheless, the most difficult process is probably the one regarding the change in the people's mentality, because in the centralized economy they were used to wait for indications "from the center." Now, each must assume his own responsibilities and have the courage to take decisions and assume risks. This is a battle in which the people must form and steel themselves in the process of reform. We are talking here about the consequences and aftermath of an entire system, because Ceausescu, through his very nature, had been a dictator...

[Buhrer] As far as you are concerned, do you think you have fully rid yourself of the traces—even in your subconscience—that the former regime might have left on you personality?

[Iliescu] I cannot be the judge of my own self in this respect. I can only say that I have always been a democrat in my overall behavior. I behaved openly, in the period of Romania's opening, because there has been such a period of openness even before. First of all in 1958, when the Soviet troops withdrew from the country—Romania being the only country in the East that achieved such a thing. Following that development in 1958, we saw an evolution in Romania's political thinking. In 1964, Romania rose against Khrushchev's plans for relations within CEMA, which actually aimed at subordinating the economies of the countries in the East to the Soviet economy, under the form of a "socialist integration," in response to the integration taking place within the EEC. Then came the stand adopted by Romania against the intervention in Czechoslovakia.

Throughout that period, there has been an opening in the political and cultural spheres. The intelligentsia was actively expressing itself at the time. All political prisoners were released in the sixties and important steps were taken to develop economic relations and to modernize technologies linked to economic cooperation with the Western countries. It was a remarkable opening for those times. Romania, like Czechoslovakia, could even boast a certain headway in the study of the market economy. In 1967, we conducted a theoretical and political discussion in Romania on the issue of the market economy and on the need to combine planning with the market. But all this was stifled by the intervention in Czechoslovakia, which marked a reactionary peak in Europe. I said publicly at the time that the Soviet Union played in Czechoslovakia the role that Czarist Russia had played last century, when it stifled the democratic movements in Europe. We then proclaimed each people's right to choose its own path and the need to accept each nation's diversity of circumstances. On top of that, I pleaded for each individual's right to develop his own values, in all their diversity. I was termed an "intellectualist," by Ceausescu and I was removed from the party's leadership in 1971.

[Buhrer] Thank you Mr. President.

Parliament Session Ends; Corruption Motion Submitted

AU3108194793 Bucharest ROMPRES in English 1836 GMT 31 Aug 93

[Text] Bucharest ROMPRES, 31/8/1993—At the close Tuesday evening, 31 August, of the extraordinary session of the Romanian Parliament, lower house member Radu Berceanu (Democratic Party/National Salvation Front—PD/FSN) handed Speaker Adrian Nastase, who chaired the day's sitting, a document listing the signatures of 121 members of the Chamber of Deputies and of 41 senators on a motion regarding corruption, the theme of the special session.

The motion in question does not propose a no-confidence vote against the government, but requests Parliament to adopt a resolution asking the government to dissociate from incriminated dignitaries and demote them from their present offices.

According to rules of procedure in the Romanian Parliament, the premier shall be immediately notified of the motion, which is to be debated in six days from now.

Agency Allegedly Provides Workers for Serbia

AU3108101293 Bucharest COTIDIANUL in Romanian 27 Aug 93 p 1

[Article by Lucian Gheorghiu: "Romanian 'Tourists' Are Hired as Mercenaries for Serbian Troops"]

[Text] The "Impres Tour" travel agency in Galati has changed its character recently. Starting on 3 August 1993, it ensures transportation to Serbia and mediates the procurement of jobs in the field of agriculture and other areas where workers are in demand. The transportation fee listed on the advertisement is 16,865 lei. Upon departure the passenger pays an additional 3,000 lei. Train transportation is used until the border, then the Serbian partner assumes control over the group of "tourists" in privately-owned vehicles. After about 200 km into the heart of Serbia, the Romanians are showed a list of available jobs (in general those local people would avoid) and depending on what they choose, they get out of the car and conclude contracts in various places. The

contract provision includes provision of accommodation and food, and 8 or 10 German marks [DM] per day of labor. The Romanians are granted a one month visa to stay in Serbia, with the possibility of extension. There are weekly departures from Galati, but the applicants are not given concrete details about their fate in Serbia before they cross the border.

We got in touch with a person in Timisoara (for easily understandable reasons he asked to be kept anonymous) who has regularly worked in Serbia and we found out interesting details about this "trade" of manpower. First of all, those who arrive through a tourist agency—mainly from Moldova—are very poorly paid. Those from Banat and Transylvania, who are looking for jobs on their own, are paid up to DM50 daily in addition to accommodation and food. A few days after they arrive in Serbia, the "tourists" are encouraged to work for a daily DM600 pay in the combat zone, in the suburbs of Sarajevo. Those who are in good physical condition are recommended to become mercenaries in Serbian troops. Considering the big financial temptation, more than a few of them accept this "work" offer.

However, we ask the question: How can the embargo be violated under the eyes of the authorities, considering the "Impres Tour" is advertising in Bucharest, too? What is the opinion of the Tourist Employers' Association, whose name appears on the advertisement of the agency, about this approach to tourism? We are awaiting the answer of the responsible parties.

RMDSZ Issues Memorandum on Political Order

AU3108101893 Bucharest ROMANIAI MAGYAR SZO in Hungarian 26 Aug 93 pp 1, 2

["Memorandum of the Democratic Union of Hungarians in Romania on the Acceptance of Romania Into the Council of Europe" issued in Cluj on 26 August]

[Text] In Romania in December 1989 the harshest dictatorship fell. Although there are signs of political pluralism, a market economy, and several elements of the system of criteria of a constitutional state emerging here, changes that have taken place in this society in parallel with this serve more to help the restoration of the old regime than the real emergence of a constitutional state. To strengthen its internal and foreign credit in this deepening political, social, and economic crisis, the government is concentrating on having Romania accepted in the Council of Europe.

The Democratic Union of Hungarians in Romania [RMDSZ—UDMR in Romanian] believes it is important for Romania's government system and social structure to draw closer to the European norms and for this country's integration efforts to be successful. In the view of the the RMDSZ, however, so long as the necessary changes in its government system fail to materialize and the activity of its basic institutions is inadequate, Romania does not essentially fulfill the conditions for membership in the Council of Europe.

The objective of our memorandum is to formulate the observations of the RMDSZ, which represents the interests of the almost 2 million ethnic Hungarians in Romania, regarding the general legal order, including the protection of national minorities, and to express its proposals.

The Main Objections Regarding Romania's Legal Order

We have formulated the following main objections regarding the restructuring of Romanian society, the political structure, and the legal order:

1. Political pluralism is combined with inequality of opportunity: Lacking state financial support, even political parties and movements represented in Parliament are at a disadvantage compared with the ruling party.

2. Intensified nationalism has emerged as the main legitimate factor in Romanian politics. The government tolerates, and sometimes even encourages the activity of extremist nationalist parties. Legionnaire [fascist-oriented] movements have appeared in this country's political arena, and these political processes represent not only a potential, but a provable real danger to the Romanian democracy.

3. Since 1918, the striving for national hegemony has led to the ousting of national minorities from leading jobs in all areas of public life, including public administration, institutions of justice administration, and the state economic sphere.

4. The Audiovisual Council, a body that controls the electronic media, represents the will of the political majority (among its members, two are nominated by the president, three by the prime minister, and six by Parliament); thus, television has become a means of manipulation used by the current political power. Together with the rapid deterioration in the standard of living, this situation led to the deliberate eclipsing of the values of spiritual life, and made it almost impossible to eliminate the most serious heritage of communism, and to change the mentality of the depersonalized masses.

5. One proof of the discrimination prevailing in the administration of justice is that, as a result of mock trials following the events in Hargita county in December 1989 and in Marosvasarhely [Tirgu Mures] in March 1990, exclusively national minorities were sentenced to prison terms (Gypsies and Hungarians).

6. The constitutional principle of decentralization is not observed in everyday practice. Lacking a local budget law, the local government bodies are at the mercy of the central political will.

7. Romania's Constitution lacks cardinal laws to guarantee the right to private property, something that should be a constitutional basic principle (Article 41).

8. In a discriminatory way, the land law does not regulate the return of former nationalized lands that used to be the property of villages inhabited by national minorities.

9. The low level of the legal regulations for the economy further increases the existing inequality of opportunity for people engaged in economic activity, and the increasing inflation and unemployment has the greatest impact on the scattered national minorities.

10. The Constitution suggests that the almost 3 million national minority citizens are second class citizens, it shows a tendency to discriminate and assimilate, and it specifically provides that Romania is a uniform national state (Article 1), that exclusively the Romanian nation is a state-founding factor (Article 4), and that the Romanian language is the only official language of the state (Article 13). The Constitution prohibits amendment of these articles.

11. The Romanian Constitution does not guarantee the assertion of constitutional principles regarding the protection and development of the national minorities' identity (Article 6). On the one hand, the laws limit the constitutionally-formulated rights; on the other, the lack of relevant laws hinder the implementation of these rights.

12. Romanian is the only language used in the administration of justice and legal procedeedings. An interpreter may be used for those who do not have a sufficient command of the official language but this service is free of charge only in the case of criminal trials. The use of the Romanian language is compulsory in local government body meetings even if all the members speak the same minority language. Citizens may address the local bodies in their mother tongue both orally and in writing, but requests in writing must be accompanied by an authorized Romanian translation, something that clearly means a restriction of the use of the mother tongue.

13. The conditions of the Romanian education system are inadequate, and a ministerial order limits the possibility for teachers to travel abroad temporarily, even for additional training. There is no mother-tongue professional training for national minorities. The almost 2 million Hungarian national minority in Romania does not have an independent institution of higher education. The independent Hungarian-language Bolyai University, which was practically abolished in 1959 but which still exists legally, has not been restarted.

14. The discrimination prevailing in the restoration of nationalized church properties is directed against ethnic and religious minorities.

15. According to the Constitution, the state supports the institutional contacts of ethnic minority Romanians with the mother nation, but the Constitution fails to formulate the same for the national minorities living in Romania.

Changes Needed in Romania's Legal Order

Legal order and democracy can only emerge where every individual and every community enjoys equal rights. The modification of the aforementioned regulations that limit the national minority rights is an essential condition for a solution acceptable for the ethnic Hungarians in Romania, for guaranteeing the right of internal self-determination for our community within the framework of a democratic Romanian state.

We Regard As Important and Demand the Folowing:

A. Proportional budget support for political parties should be guaranteed by law;

B. Freedom of press and the independence of mass media should be guaranteed by law;

C. The creation of financial independence for local communities and local public administration, and the acceptance of an adequate budgetary law;

D. The Constitution should guarantee the inviolability of private property;

E. The creation of legal frameworks determining the activity of the market economy as soon as possible;

F. The acceptance of national minorities as a state-founding factor, as a genuine implementation of the constitutional principle of equality between citizens;

G. The principle of positive discrimination of national minorities should be guaranteed by law in the spirit of accepted international agreements;

H. The acceptance of the law generally regulating the situation of national minorities by taking into consideration the proposals No 1201 and 1203 of the Council of Europe, a law that guarantees the right of national minorities to preserve and develop their language, cultural, and religious self-identity;

I. The creation of a government structure—ministry and state secretariat—in charge of supervising the network of institutions of national minorities headed by national minorities;

J. The free use of the national minority's mother tongue in private and public life, and an acceptable regulation of the situation of bilingual signs;

K. The creation of an education law that guarantees the development of an independent mother-tongue school network led by the national minorities at all levels and in all forms;

L. Free contacts and exchange of information with the mother nation for the national minorities living in Romania;

M. Full return of illegally-confiscated church properties;

N. The return of prive property nationlized or confiscated for political reasons, or adequate compensation for the people involved;

We demand that Romania sign and ratify the documents of the Council of Europe, especially the following:

—The European Convention for the Protection of Human Rights and Fundamental Freedoms and its supplementary protocols;

—The European Charter on Local Government Bodies and the European Charter of Regional and Minority Languages.

As we have regularly indicated, we have taken the system of European norms as the basis of our position; we are convinced that taking this into consideration and incorporating it into Romania's legal order will make it easier for Romania to join the processes of European integration. Thus, a new member state with democratic values will increase the prestige of the Council of Europe.

Kolozsvar [Cluj] 26 August 1993
Bela Marko, chairman of the RMDSZ;
Csaba Takacs, Executive Chairman of the RMDSZ.

Babiuc Continues Discussion of Judicial System

AU2708164793 Bucharest ROMANIA LIBERA in Romanian 21 Aug 93 p 3

[Second installment of two-part interview with Victor Babiuc, Democratic Party (National Salvation Front) deputy and former minister of the interior, by Florin Gabriel Marculescu; place and date not given: "We Live in a Kafkaesque Universe"—first installment published in FBIS-EEU-93-067, p 35]

[Text] [Marculescu] Considering that we do not have an independent judicial system, can we hope that the current judicial body will be able to curb corruption?

[Babiuc] We must have hopes, because I do not believe that Romanian judges are corrupt. Certainly, in this area, just like in many others, one can find corrupt people. However, I cannot accept the idea that the Romanian judicial body would not do its duty when people from the police and the Prosecutor's Office will be indicted for corruption. The current difficulties stem from the fact that only a few cases have ended up in court and from the lenient sentences that were passed. I believe that this tolerance will disappear, because one assesses a phenomenon of reduced dimensions in one way and differently when this phenomenon acquires serious proportions. There are also difficulties that stem from the fact that not all people who are possibly corrupt can be brought to court. Ministers, for example, are favored by the absence of a law regarding ministerial responsibility. In practical terms, ministers are above any penal responsibility. It is the duty of the parliament to adopt such a law as quickly as possible. However, this law will have the disadvantage that, whenever it is implemented, its effects cannot be retroactive. Unfortunately, the government is in no hurry to work out and submit such a draft law to the parliament.

[Marculescu] Can the opposition not act in this respect?

[Babiuc] Of course it can and it has to act, otherwise the "leaders" of corruption cannot be brought to court. And let us not forget another very important aspect. The law on ministerial responsibility does not only include penal sanctions. It also includes the interdiction to hold any public functions, in cases of those that are proven guilty of committing illegal, primarily anti-constitutional acts. But, in the current situation, the guilty can return to their important positions after they have been temporarily removed.

[Marculescu] We notice that not even political responsibility is functioning in our country. Although the Petromin-Forum Maritime contract was canceled by the court, and thus the culpability of those who promoted and supported the signing of this contract was proved, nothing happened.

[Babiuc] You see, political responsibility becomes topical in the parliament or during elections, when the voters use their votes to punish the behavior of a person running in elections. Unfortunately, as you know, the parliament has a majority that is not concerned with achieving a program, with continuing the reform, with the establishment of the state of law, or with the market economy, but is concerned exclusively with holding power.

[Marculescu] Mr. Babiuc, what you are saying propels us into the sphere of the irrational!

[Babiuc] Yes Mr. Marculescu, this propels us—if you allow me—into a Kafkaesque universe, but this is the data that is available to us.

[Marculescu] But it is absurd that one should propose oneself for the unique goal of governing and then hold power without doing anything for the country. How long will this demented policy continue?

[Marculescu] Look at what the parliament has done since November. How many laws, out of the many that the country has been waiting for, has it adopted? Because, except for the budget law and two or three laws regarding the reorganization of the judicial body, we cannot find any law that it has adopted, because the parliament, with its current majority structure and with its current leadership, included in the agenda of discussions only subjects that are not important for the country, because they did not wish for any kind of progress in any area. The parliamentary majority wants everything to stay as it is, or maybe even a return to the past; so why are you asking me?

[Marculescu] I am asking you because the current situation might lead to a social explosion. Is this the goal?

[Babiuc] Since the opposition is in a minority it has limited options for action. And then, the government and the parliament, with the current majority, have to discredit themselves completely in the eyes of the public and thus make it obvious that other political forces have to replace them and lead the country in the right direction, in accordance with the country's basic interests.

[Marculescu] Could the opposition not withdraw from the parliament?

[Babiuc] Certainly, theoretically this step can be taken. However, we should determine whether it is really to our benefit. And if we reach the conclusion that it is to our benefit, this step will probably be taken.

[Marculescu] There are rumors about the concept of a national unity government.

[Babiuc] Theoretically speaking, it is one of the variations that might be taken into consideration, although, personally, I do not favor it. The question is: With what objectives and on what basis should one start? Because one cannot set up a government just for the sake of having a government. You join a government only if you are serious, only if there is a government program, and only if there is a platform that would permit the accomplishment of at least a part of the important objectives that you, as a political party, aim at. Therefore, the idea of a coalition was not possible last autumn and will not succeed this autumn either if it is not based on a negotiated platform and an appropriate distribution of important positions that would assist the achievement of the proposed objectives.

[Marculescu] In practical terms, can you envisage a coalition of the parties in the parliamentary opposition with the PDSR [Social Democracy Party of Romania]? How would you, the Democratic Party (National Salvation Front) associate with colleagues in the PDSR?

[Babiuc] I could not give you a practical answer. However, in theoretical terms, I could tell you that this is possible as long as the PDSR really desires the achievement of certain goals in accordance with our programs; primarily economic objectives, because nothing has been done in this respect and that is why we are going from bad to worse...

[Marculescu] Are you thinking of a bankruptcy?

[Babiuc] If it is not a complete bankruptcy, the situation is close to it because, in spite of certain triumphant statements made by the prime minister, who was circulating the idea of economic growth, inflation increases and it prevents economic growth. From an economic point of view, economic growth cannot survive side by side with inflation.

[Marculescu] Maybe the stagnation that we are talking about is of an international nature and is aimed at keeping Romania in Moscow's sphere of influence?

[Babiuc] Certainly, everything that is happening is the result of such a wish, because it is not possible that one governs for nine months and does nothing to continue the transformations needed by the country. The political will is against reform and against a genuine market economy, and this moves us away from everything that would mean a civilized, democratic, and free country.

Poll Results on National Security Published

AU3008091293 Bucharest TINERETUL LIBER in Romanian 24 Aug 93 p 1

[Tables containing results of the public opinion poll completed 22-25 July by Romania's Center for Market Research in cooperation with Gallup UK]

[Text] Today we publish further results of the public opinion poll carried out by the Center for Market Research [CSOP] and Gallup UK (a joint society in cooperation with the Gallup Institute of Great Britain). In this part the questions refer to the complex and delicate issue of national security.

In your opinion is our national security threatened, in principle, by any of the following countries: (answers in percent)

Country	Yes	No	Do not know
Bulgaria	4	84	12
Moldova	5	86	9
Serbia	9	79	12
Ukraine	13	67	20
Hungary	57	28	15

Do you consider our country's current frontiers as acceptable? (answers in percent)

Yes, they are fully acceptable	23
No, they are not, but they cannot be changed now	24
No, they are not, but that issue should not be raised now	32
No, they are not, and the time is ripe to raise that issue	14
Other opinions	0
Do not know	7

In your opinion is the government making sufficient, insufficient, or excessive efforts to vouch for our country's national security? (answers in percent)

Insufficient	34
Sufficient	44
Excessive	4
Do not know	18

Currently there is a country (several countries) that would like to seize certain territories belonging to our country. (answers in percent)	
Agree	61
Do not agree	20
Do not know	19

If no other solution can be found, we should take back, by military force, territories that historically speaking belonged to our country. (answers in percent)	
Agree	17
Do not agree	69
Do not know	14

All ethnic minorities living in our country should be granted equal rights. (answers in percent)	
Agree	89
Do not agree	7
Do not know	4

Generally speaking, our country is heading in the right direction. (answers in percent)	
Agree	33
Disagree	38
Do not know	29

In actual fact there is no danger whatsoever that our country could be involved in a war with another country (other countries) over the next 5-10 years. (answers in percent)	
Agree	29
Disagree	27
Do not know	44

How would you assess the furthering of our country's relations with: (answers in percent)	
NATO	
Agree	61
Disagree	8
Ambiguous feelings	8
All the same to me	6
Do not know	17
EEC	
Agree	74
Disagree	3
Ambiguous feelings	4
All the same to me	6
Do not know	13
Russia	
Agree	46
Disagree	24
Ambiguous feelings	11
All the same to me	8
Do not know	11
United States	
Agree	73
Disagree	5
Ambiguous feelings	6
All the same to me	8
Do not know	8
Turkey	
Agree	58
Disagree	11
Ambiguous feelings	6
All the same to me	14
Do not know	11
Japan	
Agree	80
Disagree	2
Ambiguous feelings	2
All the same to me	6
Do not know	10

The CSOP—Gallup UK public opinion poll was completed 22-25 July, by polling a nationally representative sample of 1,184 persons, the error margin lying within 3-percent margin above or below the published results.

Foreign Media Bulletin: Balkan Crisis 1 September

WA0109140093

The following is an overview of current FBIS reporting on events in the Balkans. It supplements other FBIS reporting and consists primarily of selected summaries of longer reports. For reference purposes, serial numbers of the longer reports are provided.

SUMMARY

Geneva peace talks reportedly reaching final phase ... Owen praises President Clinton's comments on U.S. troops enforcing peace agreement ... Muslims allow UNPROFOR soldiers to leave Mostar ... Bosnian Serb troops reported moving reinforcements toward Mount Igman ... Muslim-Croat fighting reported in Mostar.

DIPLOMATIC

PEACE TALKS REACH FINAL PHASE: AFP quotes international mediator Stoltenberg as saying that participants at the Bosnian peace talks in Geneva are "approaching the moment where you either want to have an agreement or you don't" and that a "final decision" will be reached "fairly soon." Comparing the talks to a chess match, Bosnian Government Spokesman Hajric says his side has "a couple of moves and a couple of minutes to play." TANJUG reports Bosnian Serb official Koljevic said "things are moving forward" at the talks and that Serbs and Muslims have agreed to "halt military activities immediately," begin exchanging all prisoners. (AU0109111893, LD3108164693)

OWEN PRAISES CLINTON COMMENTS (TANJUG): International mediator Owen praises President Clinton's statement on using U.S. troops to enforce a peace agreement, saying it should help the peace process "considerably." (LD3108140793)

UN PROTECTION FORCES

UNPROFOR ALLOWED TO LEAVE MOSTAR (Madrid Radio): Five-day Muslim blockade of 50 Spanish UNPROFOR troops in Mostar lifted. Troops to continue humanitarian aid mission in city. (LD3108171293)

MILITARY

SERBS MOBILIZING NEAR IGMAN: AFP quotes "French military source" as saying that "brigade" of Bosnian Serbs has moved into "strategic position" near Mount Igman. Sarajevo Radio says Bosnian Army is "fortifying" its positions and "not just sitting around waiting for the United Nations to solve this problem" (AU0109070893, AU3108194893)

MUSLIM-CROAT FIGHTING IN MOSTAR (Zagreb Radio): Bosnian Croat forces say they "responded fiercely" to Muslim attack in Mostar, pushing "defense line forward" in the process. TANJUG reports one killed, 30 wounded in clashes. (LD3108165893, LD3108205093)

Mostar Muslims Free Spanish Battalion

LD3108171293 Madrid RNE International in Spanish 1300 GMT 31 Aug 93

[Quotation marks denote recorded passages]

[Excerpts] The Spanish blue helmets who had been held in Mostar by the Muslims since last 26 August left the city today, according to Spanish Defense Ministry sources.

The sources said that the Spanish troops were allowed to go shortly after 1400 this afternoon Spanish time, and that the 50 or so Spanish soldiers are heading in their armored vehicles toward the camp at Medjugorje. Spanish Defense Minister Julian Garcia Vargas today announced that the Spanish troops will again carry out buffer missions between the combatants in Mostar if the Muslims allow the Spanish soldiers being held there to leave and a stable cease-fire is signed. [passage omitted]

[Garcia Vargas] "Of course, it is unacceptable for the Spanish soldiers to be held there against their will, but it is also unacceptable for the civilian population to suffer shelling with causalties among the children and among the women just when the Geneva negotiations are now in a final phase."

[Announcer] Vargas said that the Spanish legionnaires are a safeguard for the civilian population in Mostar:

[Garcia Vargas] "Naturally, I am able to say to you that our soldiers who are being held there are calm and are aware, moreover, of what their task is at this time and they are aware, too, that they are managing to be, as I said earlier, a safeguard for the lives of the civilian population of the Muslim part of Mostar."

Delic Reportedly Disputes Izetbegovic Cease-Fire

LD0109134993 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 1 Sep 93

[Excerpt] Here is Ranko Mavrak reporting for Croatian radio from Sarajevo.

[Mavrak] Bosnian Army Commander Rasim Delic was the first in Sarajevo to comment on the Geneva negotiations. According to Delic, the agreement reached last night between Izetbegovic and Karadzic, whereby all clashes between units of the Bosnia-Herzegovina Army and the army of the Srpska republic should stop, has not been approved by the military echelon in Sarajevo, so in practice the agreement has no value for them. In order to stop clashes in the territory of Bosnia-Herzegovina, the agreement between Izetbegovic and Karadzic is not as important as an agreement between me and Mladic [Bosnian Serb commander], Rasim Delic said at a news conference held in Sarajevo today. [passage omitted]

British Troops Caught in Muslim-Croat Crossfire

LD0109131293 Belgrade TANJUG in English 1233 GMT 1 Sep 93

[Text] Belgrade, Sept 1 (TANJUG)—British troops within the U.N. Protection Force (UNPROFOR) are trapped by Moslem-Croat crossfire in Gornji Vakuf, central part of war-torn Bosnia-Herzegovina, where heavy fighting continued on Wednesday [1 September], Moslem-controlled Sarajevo radio reported.

The radio cited UNPROFOR as saying that Gornji Vakuf has been split into two parts—Moslem (?and) [word indistinct].

The radio of the republic of Herzeg-Bosna, formed by the Bosnian Croats, on Wednesday also confirmed that fierce cannon and infantry battles were fought throughout Tuesday night between the Croatian Defence Council (HVO) and the Moslem army.

According to the same source, over the past 24 hours the Moslem forces attacked Croatian positions along all demarcation lines close [to] Uskoplje (the new Croatian name for Gornji Vakuf). The biggest Moslem attacks were launched on the Croatian villages of Galecica, Strazica, Rovovi, Rajac and Vilic Polje (all in the region of Gornji Vakuf).

The Moslems and Croats have for the past few months been fighting over who will control the territories in central Bosnia.

Croat-Muslim Agreement on Evacuation of Wounded

LD3108141893 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 31 Aug 93

[Report by Ranko Mavrak from Sarajevo]

[Excerpts] A meeting was held at Sarajevo airport today between the HVO [Croatian Defense Council] CGS Milivoj Petkovic and Commander of the Bosnia-Herzegovina Army General Rasim Delic. The meeting was chaired by the UNPROFOR [UN Protection Forces] Commander for Bosnia-Herzegovina General Francis Briquemont and the topic was the problem of evacuating the wounded. It has been agreed that both sides should secure complete evacuation of the wounded and an agreement on principles for its implementation has been adopted.

The agreement sets out that the evacuation of the wounded is to be carried out from the nearest UN base by helicopters which are subject to obligatory preflight searches by authorized representatives of the warring factions and also by blue helmets. Both sides have agreed to announce evacuation 48 hours in advance, and in the case of an emergency a six-hour notice will be sufficient. Evacuation of the wounded will be carried out by helicopters of the HVO and the Bosnia-Herzegovina Army

through corridors which will be determined and registered in an agreement on the use of the Bosnia-Herzegovina airspace. [passage omitted]

UNPROFOR also announced that General Briquemont is to leave for Medjugorje and Mostar tomorrow to help normalization of the situation there through his personal influence.

French Military Source: Serbs Move Toward Igman

AU0109070893 Paris AFP in English 0505 GMT 1 Sep 93

[Excerpt] Sarajevo, Sept 1 (AFP)—Bosnian Serbs have moved reinforcements into a strategic position near Mount Igman, the key mountain dominating the southwest of Sarajevo, a French military source said.

The Serbs, who agreed to withdraw from the mountain last month, had brought "nearly a brigade, about 400 men," into the area of Rakitnica, in a valley to the south of Igman, the source said.

The reinforcements are apparently aimed at preventing Moslem-dominated Bosnian army units, stationed further to the south, from entering the area, the source said.

The comments came after Radio Sarajevo reported Bosnian Serb reinforcements of their positions on Igman, but in the region of Babin Do and Golo Brdo, rather than Rakitnica.[passage omitted]

Sarajevo Radio Reports Movement

AU3108194893

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian at 1700 GMT on 31 August carries in its regular 38-minute newscast the following two reports on the fighting in the Republic.

An unidentified correspondent from the Mostar Press Center gives a roundup of the day's fighting and says that "the districts of Carena and Zaliste underwent particularly heavy shelling, as did the demarcation line in Pancic Street and in Bulevar." She further adds that "in addition to the city center, the Croatian Defense Council [HVO] and Croatian Army extremists fiercely shelled Bijelo Polje, Blagaj, and Vranjevice, which also underwent shelling from the Serbian positions. The entire convoy of the Spanish UN battalion left the city today, but three personnel carriers accompanied by UN military observers later returned to the city. They will remain here indefinitely." She goes on to say that some Serbs and Croats were expelled from the city last night because they had maintained contacts with Muslims. She adds that "at 1800 [1600 GMT], a 48-hour cease-fire was due to go into effect; however, it remains to be seen whether it will be observed. At the time of sending this dispatch, antiaircraft machine guns, gun, and sniper barrages continue to thunder in the city."

Correspondent Nedim Tukic reports from the First Corps Press Center and says that "a month has gone by since the time when the Serbo-Montenegrin aggressor was supposed to withdraw to the positions that he held at the time of the signing of the peace agreement on 30 July 1993. However, the reality is different. Despite (?pressure) from the observers of the French battalion, the Serbo-Montenegrin aggressor continues to bring in reinforcements to Babin Dol, Gornja Grkarica, and Donja Grkarica. Trucks carrying two battalions of Chetniks, two T-55 tanks, which are used for offensives rather than defense, which is what General Mladic and his clique claim. Moreover, the aggressor has brought in a new company to the areas of Brezovaca and Golo Brdo. It is obvious that General Mladic is preparing a new offensive against Mt. Igman and Mt. Bjelasnica. The French battalion's observer teams are aware of this, but it seems that they forgot to inform their heads. That is why the Bosnia-Herzegovina Army units are not just sitting around waiting for the United Nations to solve this problem. They are fortifying their positions because the fate of Trnovo must never be repeated."

Fighting Reported in Mostar; Prlic Meets U.S. Ambassador

LD3108165893 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 31 Aug 93

[Report by Miljenko Karacic in Mostar]

[Excerpt] Fighting between the Muslim army and the HVO [Croat Defense Council] died down during the afternoon. Muslim forces attempted to break through the defense line in Ricine Street this morning. HVO artillery responded fiercely and HVO units succeeded in pushing the defense line forward in the ensuing clashes. At the moment the HVO is fortifying its new defense lines.

Members of UNPROFOR's [UN Protection Forces] Spanish battalion have returned to Medjugorje after being held hostage on the Muslim-held left bank of the Neretva river.

U.S. Ambassador to Bosnia-Herzegovina Victor Jackovich is currently in Medjugorje. This morning Jackovich held talks with Jadranko Prlic, prime minister of the Croat republic of Herceg-Bosna. They discussed the current situation in Bosnia-Herzegovina, the Geneva negotiations, and the attitude to humanitarian operations in Bosnia-Herzegovina. The U.S. ambassador presented his country's standpoint on the Bosnia crisis, pointing out that the United States supports the integrity of Bosnia-Herzegovina, its membership in the United Nations, and that the internal organization of Bosnia-Herzegovina should be the result of an agreement between all three constituent nations.

Herzeg-Bosna Prime Minister Jadranko Prlic informed his guest about the course and goal of the defense activities of the Croatian nation, aimed at achieving full, equal status with the other two nations in Bosnia-Herzegovina. [passage omitted]

Zenica Under Artillery Attack; 30 Wounded in Mostar

LD3108205093 Belgrade TANJUG Domestic Service in Serbo-Croatian 1916 GMT 31 Aug 93

[Excerpts] Belgrade, 31 Aug (TANJUG)—Muslim artillery shelled the Vitez town center at about 1300 today. [passage omitted]

Muslim radio reports that at about 1600 today, the Croatian Defense Council [HVO] launched a howitzer attack on Zenica city center from the direction of Vitez. According to this source, one person was wounded and considerable material damage was inflicted. Muslim Radio Sarajevo claims that the HVO and the Croatian Army are continuing their destruction of Mostar despite the presence of the UN Protection Forces [UNPROFOR] in the city's streets.

According to Muslim sources, one person was killed and 30 were wounded in HVO attacks on Mostar today.

Maglaj Again 'Pounded Mercilessly' 1 Sep

AU0109101193

[Editorial Report] Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian on 1 September carries the following fighting reports within its 0800 GMT newscast:

Hamiz Deronjic reports from Brcko that "the entire defense line and civilian settlements on the free Brcko territory came under attack from enemy artillery." He reports that "the enemy attacked Dubrave, Tulumovici, (?Skarjinovici), Vitarovici, Bajici, Lipovac, Omerbegovaca, Vranovaca, Poderiste, and Dubravice Donje with pragas, Bofors guns, grenade launchers, portable launchers, and 60-mm and 82-mm mortars." As he adds, "the artillery attacks" at the defense lines in Bajici and Vitarovici were the fiercest. Deronjic also reports that "a large Serbian aggressor convoy with men and military hardware aggressor passed Brcko at approximately 2000 last night, moving from Potocari toward the aggressor's stronghold in Pelagicevo."

A dispatch by the 3d Corps of the Bosnia-Herzegovina Army reports that "yesterday passed in relative peace," with the exception of "regrouping of aggressor's units." "We have registered intensified artillery attacks of the united aggressor at our positions in Zepce and Zavidovici communes," the report adds.

Correspondent Mirudin Aldobasic reports from Doboj that "the enemy has been constantly exhibiting provocative activities from all forms of infantry arms in the course of the night," especially against the defense lines in Putnikovo Brdo area, "where the enemy brought fresh forces and mercenaries from Serbia, Romania, and Russia." He adds here that helicopters were also used to transport men and hardware from Modrica and Bjeljina to Mt. Ozren.

"During the last 24 hours the united aggressor—the Chetniks from Ozren and [word indistinct] fighters—have been attacking the positions of Maglaj defenders and the settlements on the free territory," correspondent from Maglaj Hajrudin Sermic reports. Until late at night the town of Jelovac has been pounded by tank grenades fired from Procjep, Sermic says, but luckily without consequences for the local population. "Since 0900 this morning the town has again been pounded mercilessly from Procjep," Sermic says.

The 3d Operative Group of the Bosnia-Herzegovina Army reports that "the aggressor's army of the so-called Srpska republic continues to display combat activities, ranging from provocative fire from infantry and antiaircraft arms to fire from mortars and guns of all calibers." As the group reports, the defense positions toward Sekovac and Glasinac have been pounded by antiaircraft machine guns, antiaircraft guns, 82-mm mortars, and a recoilless gun until 2030 GMT. "The night in Kladanj battlefield was not peaceful either," the dispatch says, "but has passed in customary provocations from antiaircraft machine guns, antiaircraft guns, and death sowers." It is also reported that "the Chetniks in the notorious Jelacici fired several 52-mm and 120-mm grenades in the course of last night."

Facilities To Be Improved on Bosnian Border

LD3108194293 Zagreb Radio Croatia Network in Serbo-Croatian 1300 GMT 31 Aug 93

[Text] Prefabricated facilities will be placed at all border crossings between our Republic and the Croat republic of Herceg-Bosna in Split-Dalmatia county. This will improve the work of all supervisory services and speed up the traffic of goods and passengers.

This conclusion was reached today at a meeting of representatives of the economic chambers of Split and Mostar, the Split-Dalmatia police administration, Croatian customs, and the Split-based Croatian Roads Company technical branch office for central Dalmatia.

There are six border crossings on the Croatian border with Herceg-Bosna in Split-Dalmatia county: Kamensko, Donji Vinjani, Gornji Vinjani, Veliki Prolog, Mali Prolog, and Orah near Vrgorac. The Croatian Roads Company put forward a proposal to close down a border crossing in Veliki Prolog because of the proximity of the neighboring border crossing.

Serbs, Muslims Reportedly Arrested 'in Large Numbers'

LD3108140393 Belgrade TANJUG Domestic Service in Serbo-Croatian 1339 GMT 31 Aug 93

[Text] Belgrade, 31 Aug (TANJUG)—A TANJUG correspondent learned today from reliable sources in Split that Serbs and Muslims are being arrested in large numbers on the Croatian part of the coastline, from Rijeka to Dubrovnik.

Most arrests have been made in Rijeka, Zadar, and Split where about 10,000 Serbs have demonstrated their loyalty to the Croatian authorities; about 30,000 Muslim refugees from the former Bosnia-Herzegovina are also there.

Those detained, it is claimed, are being forcibly mobilized and immediately taken off to positions in the direction of the republic of Serb Krajina. This is being linked to preparations for a fresh round of Croatian aggression.

Granic Seeks More Money To Care for Refugees

LD3008133593 Zagreb Radio Croatia Network in English 1205 GMT 30 Aug 93

[Text] The international conference for the protection of war victims began today in Geneva. One hundred and forty countries and many international organizations are participating.

Before the meetings began Croat Foreign Minister Mate Granic met with members of the German delegation. The Germans asked that Croatia do all it can to ensure safe passage for humanitarian aid convoys and they also discussed the situation in central Bosnia. Germany will do all it can to help bring light to the plight of the Croats in central Bosnia.

Granic also informed the UNHCR that Croatia is seeking more money to help them care for refugees in Croatia. He added that the treatment of refugees from Bosnia-Herzegovina will not change but because of economic circumstances they will not be put up in hotels any more.

Role of Kucan-Jansa Dispute in Scandal Viewed

AU3108124393 Ljubljana DNEVNIK in Slovene 27 Aug 93 p 4

[Unattributed report: "Slovenia Is Not an Augean Stable"]

[Text] Ljubljana 27 August—In a telephone poll carried out by DNEVNIK three days ago (in which 313 people responded), most respondents thought that it is not the dispute between [Defense Minister] Janez Jansa and [President] Milan Kucan that is behind the recent scandals. Some 20 percent of the respondents said they did not know what was behind them, while 29 percent believed the clash between the two politicians had actually created an atmosphere of scandals, while 51 percent did not believe the increasingly frequent hints and even claims that the latest scandals are, to put it mildly, the result of disputes between the defense minister and the president of the state.

What does President Milan Kucan say about this? In yesterday's Studio at 17 program Kucan said that there was no Kucan-Jansa dispute. "There could only be a Jansa dispute. I have not been involved in any sort of dispute with Jansa. Our views on certain issues differ, but I see no problem in this. It is true, that these issues are important." The president said, among other things, that the scandals do not resolve the issues that are vital for peoples' lives and future, although he does not underestimate the issues raised by them.

Did the Slovene political leadership know about the arms trade? Kucan, among other things, answered that the state presidency, that is to say the Defense Council, decided during the preparations for the plebiscite and independence to arm Slovenia because of the possible threat of war. It was the Defense Ministry that was the authorized agency for the purchase of arms. When Croatia was attacked they decided to help it with arms, with the explanation that helping Croatia was the best way of defending Slovenia. They helped Bosnia with a similar argument. They gave it the arms that the Yugoslav Army had left in Slovenia. If anyone in Slovenia, whether an individual or a state institution, afterward purchased arms and resold them, he was working without the mandate of the presidency, that is to say, the Defense Council. President Kucan was not informed about it and he has learned about it from the media. As he himself said, neither the Presidency not the Defense Council ever received any information regarding the realization of their decisions regarding arms.

In yesterday's interview Kucan also warned of the danger of creating the impression among the public that Slovenia is turning into an Augean stable of corruption, unreliability, crime, and bribery. He believes that this is not the case, but he finds understandable peoples' expectations that, just as in the past, a hero will appear to clear out the stable. He said that the remains of the political agitation that Slovenia led against Yugoslavia a few years ago are still present in Slovenia. Slovenia is, however, independent and the destruction of its state and parliamentary bodies is not needed. "Unstable political, social, and moral circumstances obviously create space for some who feel at home in these circumstances and whom the normal circumstances that do not require extraordinary means for their resolution obviously do not suit," President Kucan said.

Federal

New Army Chief Perisic Assesses Army's Role

AU3108172293 Belgrade POLITIKA in Serbo-Croatian 29 Aug 93 p 9

[The "first" and "exclusive" interview with Lieutenant Colonel General Momcilo Perisic, chief of the General Staff of the Army of Yugoslavia, by Toma Todorovic, in Nis on 28 August: "We Are Creating an Army According to the People's Needs"]

[Text] Lieutenant Colonel General Momcilo Perisic, the new chief of the General Staff of the Army of Yugoslavia, is the youngest general in Yugoslavia's history to hold this high post. His experience is incongruous with his years. In other words, he is a "man from the last war" who has managed, in a short period of time, to come to the helm of the new Yugoslav Army.

General Perisic talks happily about the people liking their army and the Army liking its people. He also says that the world, particularly the West, must revise its perception of Yugoslavia's defense capability and the importance of the Serbian and Montenegrin armies in the future.

[Todorovic] In the last two years, since the beginning of the SFRY's [Socialist Federal Republic of Yugoslavia] disintegration, the Yugoslav Army has been undergoing a transformation. This process is not yet finished, but it is clear what kind of army the people who live in this region want, what kind of army the new state expects. First of all, what is the Army's role and what is its status?

[Perisic] If the Army of Yugoslavia is to perform its function and role and to take the place in society that belongs to it, it must, above all, be ready and able to protect the integrity of the FRY [Federal Republic of Yugoslavia] and the freedom and independence of all its citizens and members at any time. This means that it should attain a high degree of readiness, especially in view of its neighborhood and the situation in the country itself. Inevitably, the situation in the country requires this.

In order to perform its main role, the Army must primarily be a highly professional and extremely unified and efficient organization. The Yugoslav People's Army managed to perform many, I would say, historical roles: It protected the country and the people, it taught people, both in the republic of Srpska and the republic of Serbian Krajina, to fight against the Croats and the Muslims, and, I would say, the entire world.

Thanks to the fact that it prepared the people to fight, these people fought heroically and managed to achieve their goals. The withdrawal of the Yugoslav People's Army from the territory of the republics that seceded naturally started the transformation of the Yugoslav People's Army into the Army of Yugoslavia.

Many People Did not Understand the Yugoslav People's Army

The new army, the Army of Yugoslavia, should be transformed as quickly as possibly and should attain a high degree of combat readiness. In fact, many people do not know all the things that the Yugoslav People's Army, that is, former members of the Yugoslav People's Army who are now members of the Army of Yugoslavia, have done. Some do not know because of their limited knowledge, others because they know a lot, but want, tendentiously, to slow down its transformation and development. By belittling the Army and disputing its role they want to accomplish their own aims. However, we know these aims and we know that they have always been in collusion with some factors abroad.

The role of preserving the integrity of the state, its independence, freedom, and everything else is now much more important than before, because the current dangers are considerably greater.

[Todorovic] It appears that the end of the war in the former Yugoslav republic of Bosnia-Herzegovina is not very far away, that peace is in sight. The world will have to change its attitudes toward this region, toward Serbia and Montenegro, toward the FRY in general, and thus toward the Army of Yugoslavia.

[Perisic] The world, if it cares about ending the war in the former Bosnia-Herzegovina at all, will have to admit that it made many mistakes. I think that it will find it difficult to say so, that it will find it difficult to admit its mistakes, and that it will probably try to spread the war toward the east. That it will strive to find new hotbeds of crisis and that one of the latent causes is secessionism by some leaderships in Kosovo who have not learned a lesson from the wars hitherto cannot be ruled out. By calling foreign factors to help, they could transfer the crisis to that region.

So far, the Army of Yugoslavia, together with the Ministry of Internal Affairs and other entities in society, has managed to successfully prevent all kinds of rebellion, and I hope that it will continue to do so in the future. Apart from that, the world must realize that the FRY has a high quality army that is prepared to defend its people and every part of its territory.

[Todorovic] You spoke about the lack of understanding for what the Yugoslav People's Army has done. It appears that the reputation of the Army was tarnished for a number of unexplained reasons. How can this reputation be restored?

[Perisic] The reputation can primarily be restored by creating an army that the people, the Serbian and Montenegrin people, need. I think that the mistrust toward the Army of Yugoslavia is unfounded, because the Army has managed to secure complete peace in the Balkans and the complete stability of the FRY in these difficult conditions. Seen from this point of view, attacks on the Yugoslav People's Army are unjustified, because, in a

way, the main preconditions for the war, first in Slovenia and then in Croatia, did not exist.

Everyone knows that the human, material, and morale factors are the main conditions for the survival of every army. It is known that in Slovenia the Slovene secessionists did their utmost to reduce the human factor. The units did not comprise even 10 percent of its members. This model was subsequently applied in Croatia and Bosnia-Herzegovina.

Politicians did everything possible to deprive the Army of the necessary funds. The absence of these funds inevitably led to a reduction in combat readiness. The reduction of the funds for soldiers and officers to the minimum is a good example to illustrates this.

The morale factor also had its impact. The disintegration of the SFRY eliminated all the basic preconditions on which all the people's defense was founded, and thus the Yugoslav People's Army itself. It was foolish to expect the morale of the soldiers in the Yugoslav People's Army to remain high when the Yugoslav People's Army no longer existed. It was naive to expect the morale of the soldiers in the Yugoslav People's Army to remain high when the SFRY no longer existed, to be at a high degree of socialist patriotism when socialism was experiencing what it was.

[Todorovic] You often mention people. You have said, several times, that the people like their Army.

The Army of Yugoslavia Is Ready and Capable

[Perisic] This is true. People like the Army, their army. Throughout their history, the Serbian and Montenegrin people have always had their armies, in contrast to some other republics that are now states and that have never had their own armies but had foreign armies. This is why people in Serbia and Montenegro like their army.

I mention people frequently, because the objectives and the role of every professional army and every armed force is to protect the interests of the people as much as possible. People make up a country, and the army is a state institution and a synonym and condition for the survival of any country. [sentence as published] There is no state without an army, and there is no army without people and a state.

[Todorovic] In the past, the not-so-distant past, the world did not like the SFRY army, the army bothered it.

[Perisic] In the past, the Yugoslav People's Army and, recently, the Army of Yugoslavia have always risen to their tasks. Perhaps one should not talk about it, but one can see everywhere that the world respected courageous soldiers and officers in Slovenia, Croatia, and Bosnia-Herzegovina. Most of these were the soldiers and officers of the Yugoslav People's Army until its disintegration. This is acknowledged by the entire world.

This is the proof that the Army of Yugoslavia is ready and capable at present. It can always carry out its role, it can always protect the freedom and independence of all members of the FRY. Knowing our army, and the world must realize that we, above all, represent a factor of peace in this region, they must view the Army of Yugoslavia in this way.

[Box, p 9]

We Will Not Allow the War To Be Transferred to Kosovo

It is well known, in our country and abroad, that a number of Albanian secessionist leaders are trying to provoke clashes in Kosovo. It is thought that, after provoking clashes, their aims could be accomplished with the help of the international community. However, the Army of Yugoslavia, together with the Ministry of Internal Affairs, represents a factor of stability in Kosovo, and has been operating successfully up to now. It has prevented everything that could lead to the continuation of the war, that is, the transfer of the war from Bosnia-Herzegovina via Sandzak to Serbia and further. The Army of Yugoslavia will continue preventing all attempts to cause conflicts in Kosovo in the future. Now that peace is very close in this region, we will not allow the war to be transferred to the FRY. This was stated by Lieutenant Colonel general Momcilo Perisic, the new chief of the General Staff of the Army of Yugoslavia.

Hopes Raised as UN Lifts Sanctions Against Haiti

LD3108172793 Belgrade TANJUG in English 1401 GMT 31 Aug 93

[By Stevan Chordass—"Pool" item]

[Text] Belgrade, Aug 31 (TANJUG)—By lifting sanctions against Haiti last week, the Security Council for the first time in the history of the United Nations set a positive precedent, which raises hope in Yugoslavia that the same criteria would be applied toward it too, diplomats in Belgrade say on Tuesday [31 August].

The United Nations has so far introduced sanctions against South Africa, Iraq, Libya, Haiti and Yugoslavia, but only Haiti was lucky enough to have the sanctions lifted.

The chief question asked fifteen months after the sanctions were introduced against Yugoslavia is what are the conditions for their lifting. Federal Prime Minister Radoje Kontic two weeks ago asked U.N. Secretary General Butrus Butrus-Ghali to specify what more was expected from Yugoslavia so that the Security Council should start a procedure for their lifting or easing.

The answer to that question has not yet arrived from New York. Diplomats in Belgrade say that everything depends on the outcome of Geneva peace talks on Bosnia-Herzegovina, because the sanctions were originally introduced for Yugoslavia's alleged involvement in the Bosnian civil war.

If all three warring sides in Bosnia-Herzegovina sign a global agreement, those who urge that the sanctions

against Yugoslavia remain will no longer have any trump cards to demand that Yugoslavia be punished because it is clear that an end of the Bosnian war is a key condition set by the U.N. Security Council, although it has not been said in so many words.

Political circles in Belgrade warn however that the opening of the so-called Kosovo question is gaining prominence as the prospects for settling the Bosnian conflict increase. Some analysts believe that the West will try to use the Kosovo question as a pretext for keeping the sanctions against Yugoslavia.

A group of British parliamentarians, who are presently touring Yugoslavia because of the alleged threat of riots in its southern province of Kosovo confirms that the analysts may prove to be right. Yugoslav parliamentarians told their British colleagues on Monday that the opening of the Kosovo question solely depended on the attitude of the West—if it supports the ethnic Albanians in Kosovo, a rebellion would be imminent.

The fact is that the powerful Western countries disregard the key facts about Kosovo, where a strong separatist movement of ethnic Albanians has been active for decades, just as they disregarded the facts about former Bosnia-Herzegovina. In the case of Bosnia, this proved to be tragic. As for Kosovo, the chief argument of the West is the "fact" that Kosovo Albanians lost their autonomy when the 1974 Constitution was changed.

Under a new Constitution adopted in 1989, which was approved by the Kosovo assembly too with only 12 Albanian votes against, the autonomy of Kosovo was not abolished. The Constitution clearly stipulates the rights of the Albanian minority which in no instance go below those prescribed by the Helsinki and Paris Charter of the CSCE.

The U.N. secretary general gave a precise answer to all these questions at a session of the Institute for International Law in Milan. He said that the minorities should be respected, their differences understood and specific features accepted, but that their aspirations for secession should not be granted.

If the international community is to respect this, then the Kosovo question will be closed much quicker than it has been opened and this irrational reason for maintaining sanctions against Yugoslavia will be removed.

General Says Incidents on Albanian Border 'Prearranged'

LD0109113193 Belgrade TANJUG in English 1031 GMT 1 Sep 93

[Text] Belgrade, Sept 1 (TANJUG)—The first signs that the situation in Bosnia-Herzegovina is calming down have made actual the 'problem' of the Yugoslav-Albanian border and boosted the number of border incidents, and there are many indications that Albania is not acting alone in this, Yugoslav Army Major General Blagoje Kovacevic said in an interview to Belgrade daily POLITIKA EKSPRES On Wednesday [1 September].

Whenever the Federal Republic of Yugoslavia came under pressure from any of the big powers, Albania tried to actualize the issue of Serbia's southern Kosovo province and its borders with Yugoslavia, and this is happening now as well, Gen. Kovacevic said.

Albania has previoulsy tried to 'wrest away Kosovo' by linking 'its greater-Albanian interests with those of the big powers, and serving to realize their plans linked to the Balkans,' said the general who is deputy chief of the Yugoslav Army's department for border security.

Albania is acting in two directions: on the one hand, it is maintaining high tensions along its border with Yugoslavia and supporting the Albanian separatist movement in Kosovo, while on the international scene, it is making various charges against Serbia, i.e. Yugoslavia, aiming to internationalize the Kosovo issue and thus enable the big powers to first send observers to the region, and troops later on, Gen. Kovacevic said.

'The continuation or halting of border incidents will largely depend on the U.S. plans for the Balkans, where it has demonstrated a wish to establish a permanent presence. The realization of such plans would be much helped by continued incidents and clashes on the Yugoslav-Albanian border,' he said.

Since the start of the year, there have been 51 incidents on the Yugoslav-Albanian border. Almost one-half involved the use of firepower. Yugoslav border guards shot dead 14 people who illegally crossed into Yugoslavia or attacked Yugoslav army border patrols on Yugoslav territory.

Gen. Kovacevic said that indications are mounting that the Bosnian Muslims will try to implement the war option to create a 'green Muslim transversal' via Kosovo and Sandzak (region bordering Serbia, Bosnia and Montenegro).

'One should not exclude the possibility that Albania will use the support of the Arab countries to realize its aim of creating a greater Albania and a green transversal,' the general said.

'Regardless of whether Albania has any allies, Yugoslavia's Armed Forces are capable of dealing with any kind of aggression on its territory from this quarter,' Gen. Kovacevic said.

Industry 'Grinding to a Halt' Through Sanctions

LD3108162293 Belgrade TANJUG in English 1232 GMT 31 Aug 93

[Text] Belgrade, Aug 31 (TANJUG)—The Yugoslav industry is slowly grinding to a halt as a result of an airtight U.N. blockade of the country introduced 15 months ago.

In August, 92 percent of the industrial companies had to suspend production for shorter or longer periods of time due to difficulties in obtaining raw materials and fuel, shows a poll conducted in mid-August by the Belgrade-based Market Research Institute.

The U.N. sanctions imposed on Yugoslavia in May 1992 for its alleged involvement in the civil war in neighbouring Bosnia-Herzegovina have banished Yugoslavia from the international market and stripped it of foreign currency revenues. Oil from domestic sources is sufficient to meet only 25 percent of the country's needs. Of the 200 companies covered by the institute's poll, 62 percent were working at a fraction of their rated power through insufficient orders. Company officials expected production to continue to fall and the business climate to deteriorate.

Faced with a monster inflation of 10 percent a day, the Yugoslav Government and its constituent Serbia and Montenegro decided on August 19 to take matters in hand and impose strict control on the prices and production of the necessities of life.

Instead of restoring order on the market, the measures have produced a run on the shops completely baring the shelves. Fresh supplies are not forthcoming with the producers holding out for better prices in the conditions of spiralling inflation.

The Board of Trade of the Yugoslav Chamber of Commerce warned late last week that the shops would remain empty for as long as the government remained powerless to control the black market. As soon as any goods appear in the shops, the black marketeers buy them all up only to resell them at astronomical prices on the streets. The black market transacts at least 60 percent of the business in Yugoslavia and will continue to flourish for as long as the sanctions persist.

TANJUG Accused of Misrepresenting Talks With Ikonomov

AU3108173693 Sofia BTA in English 1436 GMT 31 Aug 93

[Text] Sofia, August 31 (BTA)—In a dispatch for national radio, the Belgrade correspondent of the OTECHESTVEN VESTNIK daily Velizar Enchev reported this morning that the meetings of Bulgarian Deputy Foreign Minister Dimitur Ikonomov with Yugoslav Deputy Prime Minister Zeljko Simic and with the Deputy Federal Minister of Foreign Affairs Radoslav Bulajic had been covered by Belgrade Television as a top story, and that today's Belgrade press runs details about the substance of the talks, stressing the subject of economic sanctions destabilizing the Balkan peninsula. In this connection, Mr. Ikonomov is quoted as saying that Bulgaria has so far lost 3,800 million dollars from the embargo.

The TANJUG report makes a special point of Mr. Simic's presentation, according to which the introduction of sanctions against Serbia and Montenegro was totally groundless and constituted an aggression not only against the citizens of Yugoslavia but also of all neighbouring states. For this reason, all Balkan states should launch an initiative for the abolition of sanctions, TANJUG said.

"Presented in this way, the TANJUG coverage of the Bulgarian deputy foreign minister's visit misrepresents the Bulgarian position set forth during the talks and gives rise to negative sentiments," Mr. Enchev said. Last night Dimitur Ikonomov briefed the Bulgarian correspondents in Belgrade and his statement made it clear that he had told his hosts that in Bulgaria's view the sanctions are a political means for the settlement of the Yugo-crisis and that Bulgaria will strictly observe them. Concerning the war in Bosnia-Herzegovina, Bulgaria opposes the policy of ethnic cleansing. According to Mr. Ikonomov, the Serbian assessments of the situation in Bosnia and Herzegovina reinforce pessimism rather than cautious optimism, the OTECHESTVEN VESTNIK correspondent reported. The condition of the Bulgarian national minority in Serbia was high on the agenda of the talks, and Bulgaria emphasized that this condition will determine the future of bilateral relations. "Last night, however, Belgrade Television misreported this part of the talks and even took the liberty of alleging that Mr. Ikonomov was pleased with the condition of the Bulgarian minority in Serbia. Such propaganda constructs fuel suspicion that Belgrade is trying to make propaganda capital out of this visit," said Mr. Enchev, the correspondent of OTECHETSTVEN VESTNIK.

Reported Trade With Iranian Firms

93LA0088A London AL-HAYAH in Arabic 16 Jun 93 p 4

[Article by Safa Ha'iri]

[Text] Paris—Well-informed Iranian sources report that a number of companies of the former Yugoslavia have transferred some of their international commercial activities to Tehran to avoid international sanctions, despite Tehran's daily criticism of the Serbs' perpetration of crimes of "genocide" against the Muslims in the Republic of Bosnia.

Iranian-Yugoslav relations, which have always been close, developed considerably immediately after the "Islamic revolution" began in Iran. These relations continued to exist after Yugoslavia dissolved and the Serbs carried out "ethnic cleansing" in large parts of the Republic of Bosnia-Herzegovina. Among the Yugoslav companies that are basing their international commercial activities in Tehran are the General Export Genex Company, the Progres Company, Invest-Import Company, Energo-Invest Company, Inksport [as published] Company, and others. These companies are involved in iron, steel, precious metals, machinery, cars, tools, oil, gas, chemicals, pharmaceuticals, agriculture, technological equipment, communications devices, electricity plants, textiles, leather clothing, paper, printing materials, construction, and banking. Thanks to the complex network of contacts commanded by these companies of

the former Yugoslavia, "good amounts" of embargoed Iranian and Iraqi oil are reaching the Serbs in their country in exchange for Serbian goods needed by Tehran and Baghdad.

An Iranian source, who declined to disclose his identity, reports that "Iran, which is isolated from the external world, is a difficult place for international agencies to monitor violations of the international sanctions imposed on Belgrade and to ascertain the activities of Serbian and other companies operating in Tehran." The said source has been working for a number of years with at least two companies of the former Yugoslavia. He also reports that the Yugo-Arab Company (headquartered in Nicosia), the Yugo-Import Company (headquartered in Baghdad), and other Serbian companies in Cairo, Tripoli, Amman, Beirut, Moscow, Peking, and Karachi, "are in constant contact" with their offices in Tehran.

The Iranian Bank of Tejarat [bank of commerce], and to a lesser extent, the Bank of Mines and Industries, are helping the companies of the former Yugoslavia—e.g., the Genex Company and the Progres Company—through its branches in the large Western countries, such as France, Britain, Germany, Switzerland, and Italy. Also, the Iraqi al-Rafidayn Bank and the Arab Bank (headquartered in Amman) had close ties with the companies of the former Yugoslavia before the Iraqi-Iranian Gulf war.

'Shortage' of Dinars Reportedly Continues

93BA1376A Belgrade POLITIKA in Serbo-Croatian 11 Aug 93 p 9

[Article by B. Dumic: "Chronic Cash Shortage: Dinars Disappear Again"]

[Text] *At the National Bank of Yugoslavia [NBJ], officials say that money is being distributed regularly, but the Service for Trade Payments is getting only 30 percent of the requested quantities.*

It is becoming harder and harder to get cash. At bank teller windows, money yesterday was being doled out by the spoonful, provided that the holder of a current or giro account had the good fortune to arrive at the moment when it was being paid out. During the morning hours yesterday, for example, cash was available at certain branches of "Investbank," only to disappear around noon. When asked when it will arrive, tellers respond, "Probably in the afternoon, when the payments arrive."

Thus, the chronic shortage of cash is not letting up despite assurances from the National Bank of Yugoslavia that dinars are being sent out regularly and that "there is money." Actually, the basic problem, says Relja Dimitrijevic, the deputy director of the NBJ treasury, is that money is not returning to the channels of trade payments through the in-payment of daily business receipts.

While previously 50 percent of the money returned to trade payments, now only 10 percent arrives, Mr. Dimitrijevic explains. It is obvious that the lack of financial discipline in this part of the monetary market is disrupting the flow of trade payments. Moreover, the latest cost of labor is a major blow to the quantity cash in circulation. Wages that are as much as ten times higher require significantly more money, and thus more cash.

The fact that money is arriving regularly, but not in adequate quantities, was confirmed by Adam Stamatovic, the deputy treasury director for the National Bank of Serbia. In his words, it is necessary that the government do something and prevent the hunger for cash through measures, because otherwise the situation will be even worse. Quite simply, it will not be possible to print up the amount of money in demand.

At the Service for Trade Payments and Financial Supervision, officials are having problems deciding how to divide the money that arrives there during the course of the day. Yesterday, only one-quarter of the requested quantities were received for the territory of the central part of Serbia. Together with money from the SDK [Public Auditing Service] treasury, perhaps only 30 percent of the demands for case were satisfied. But at the beginning of this week, on Monday, that service received even less cash from the NBJ, only 19 percent of the total requested quantity.

It is obvious, as the Serbian Service for Trade Payments has concluded, that the situation "concerning the supply of cash continues to be difficult" and that it will get even worse unless something is done immediately.

Even now, the people think that things cannot get any worse.

Bank Governor's Decisions Illegal

93BA1376C Belgrade BORBA in Serbo-Croatian 9 Aug 93 p 10

[Article by Jasna Kesic: "Central Bank Without NBJ Council: Governor Rides Alone"]

[Text] *Should the decisions made by Borislav Atanackovic be made by a body of the National Bank that does not yet exist?*

Since he was elected three weeks ago, the new governor of the NBJ [National Bank of Yugoslavia], Borislav Atanackovic, has made all decisions under the jurisdiction of the central bank completely on his own, and he will continue to do so at least until the next session of the Federal Assembly. Under the Law on the NBJ, this is not a legal situation, because that law stipulates that the bodies of the central bank that make decisions are first the NBJ Council and second the governor. Since the NBJ Council does not yet exist, the governor is making decisions on his own.

At the last session of the two houses of the federal parliament on 16 July, the Council of the central bank was supposed to be appointed, in addition to the election of the governor. Deputies and journalists received a document with the names of three members proposed by the federal government and another three proposed by the National Bank. However, the appointment process was removed from the agenda without any explanation whatsoever, and all attempts by the "fourth estate" to learn why this was done, who blocked the issue, and which of the proposed persons were "unsuitable" were in vain.

It did not take long for matters to be cleared up. It was learned that the appointments were blocked on that day by the elected Governor Atanackovic because he did not agree to the Council members proposed by the central bank. Indeed, that proposal was signed by former Governor Vuk Ognjanovic, but he told a BORBA journalist that the people were proposed with Atanackovic's consent. Whatever the case, the names on this controversial list were Dr. Vojin Bjelica, the former governor of the National Bank of Vojvodina; Krunoslav Vukcevic, the former governor of the National Bank of Montenegro; and Ljubomir Mihajlovic, the president of the Commercial Bank of Belgrade. We have learned unofficially that Atanackovic has now proposed two new people. Only Vukcevic has remained from the old list, and the other two would be Dusan Vlatkovic, the governor of the NBJ until one year ago, and Dr. Milos Simovic, a professor at the School of Economics and head of the okrug in Pristina.

As far as can be determined, there is no controversy surrounding the members of the NBJ Council proposed by the federal government. They are Dr. Djordje Djukic, a professor at the School of Agriculture in Cacak and a federal deputy; Dragan Tomic, the director of "Simpo" in Vranje; and Petrasin Kasalica, the director of "Bar" Harbor.

In the legally controversial situation in which Governor Atanackovic has found himself, the question has been raised of whether he alone can make the decisions that he made immediately after taking office. These were a decision on introducing a uniform exchange rate for the dinar, two decisions on blocking giro accounts and temporarily prohibiting the operation of savings banks and other financial organizations and authorized money-changing institutions, and a decision on special conditions for receiving prime issue loans. Since it would be completely logical for these decisions to be made by the NBJ Council, but there is no Council, the legislative-legal department of the central bank has, with the help of lawyers outside the bank, found a legal basis allowing the governor to make these decisions on his own.

It was probably not hard for good lawyers to find a legal basis for what was asked of them, because the division of authorities between the bank's Council and governor in the Law on the NBJ is not completely precise. It states that "the Council makes decisions on establishing monetary policy and the policy for NBJ intervention on the foreign exchange market, projects monetary policy, comes up with proposed federal laws and other regulations or general documents in the domain of the monetary, foreign exchange, and loan system, which are adopted by the Federal Assembly...."

Concerning the governor's authorities, the second article of the law states that "in order to execute the policy established by the FRY [Federal Republic of Yugoslavia] Assembly and carry out the tasks of the NBJ, the governor takes general and individual actions."

Translated into simpler language, the governor's authorities could be defined as this: He can make decisions intended to contribute to the execution of laws adopted by the Federal Assembly or of decisions made by the NBJ Council (projections of monetary policy, for example). The lawyers, however, found a legal basis for the decisions made by the governor. In this sort of rule-of-law state, the possibility cannot be ruled out that good lawyers will find a legal basis for any kind of decision, naturally if it is made by people loyal to the regime.

Government, Business Representatives Meet

93BA1376D Belgrade BORBA in Serbo-Croatian 9 Aug 93 p 10

[Article by D. Sverko and M. Manojlovic: "Meeting of Representatives of Government and Business at PKJ: Criticism of Former by Latter: Do It Yourself"]

[Text] *Staking everything on social peace, businessmen say, the state has taken us so far that miners from "Magnohrom," for example, will not go to "Goles" to mine ore even for good wages, housing, and food.*

All indications are that the old "do it yourself" idea will have more and more adherents as time goes by. Experienced businessmen are telling those who are not yet convinced of this—and there are fewer and fewer of them—and who are still able to pay a cobbler to repair worn-out shoes to start mending them themselves. The economy has reached rock bottom; we are a long way from the days when some politicians declared that the very mention of the term "survival" was heresy, but the fact that the situation is dire is confirmed by the words of Radoljub Micic, the director of the former Kragujevac giant, who says that every individual must take care of his family and not wait for measures by the state and enterprises. The ship is sinking, and those who have not managed to grab a lifeboat are being told to jump into the water. No one is asking them whether they know how to swim.

Thus, it is no wonder that many businessmen speaking from the rostrum of the Economic Chamber of Yugoslavia [PKJ] at a recent meeting were in favor of the state telling the people what the real situation is—that the temperature in their apartments this winter will not exceed 13, or possibly 15 degrees, that there will be ration coupons, enormous soup kitchens, and so forth. For whoever perseveres, that is. Stressing that there can

be no life without production, the businessmen were more harsh than ever before in asking that the state, as Luka Mackic said, cut the roots of the created system in which it is possible to live without doing any work whatsoever. Because production during the first six months of this year fell further by more than 40 percent. Of the 2.3 million working Yugoslavs, a little more than 1 million workers are currently on mandatory leave, according to figures from the Independent Trade Union. The 1 million who go to work are supporting 750,000 unemployed people, 700,000 refugees, 1.2 million pensioners (plus 115,000 pensioners from other republics), and 800,000 recipients of veteran-disability benefits. Given the fact that only 20 percent of capacity is being utilized, even those workers who do go to work spend a large share of their work time sitting around. The social product last year fell one-half compared to the previous year, and it continues to fall rapidly, while 10 million people lack the means to feed themselves.

"We in business must tell people in the government that this is not the time for broad fronts," the director of "Magnohrom," Zivorad Caricevic, emphasized at the aforementioned meeting of the PKJ Executive Committee. The state must concern itself with food, drugs, energy, and national defense, and then free the economy from welfare obligations and allow it to work. By staking everything on welfare considerations, the state has taken us so far that miners from "Magnohrom," for example, will not go to "Goles" to mine ore, even though they are offered good wages, free housing, and food. And why should then when they receive compensation for not working, due to the sanctions, at a level of 80 percent of their personal income?

"All of this is provoking an aversion toward workers in production, who are not to blame and cannot be faulted for living off of social assistance," Dragan Tomic of "Simpo" in Vranje stresses, advocating moves whereby businessmen, "led by the government and the state," begin replacing those directors whose factories are at a standstill and have no chance whatsoever of starting back up in the foreseeable future. The keys to such firms should be given to those who have shown that they can do business even under these conditions, naturally with domestic raw materials, according to a "leasing" system, whereby it is not important whether someone grows rich sooner or later. What is important is that we work, Tomic emphasized.

When will "the people upstairs" realize that there is no life without production, that we face a shakeup in manufacturing as well, many businessmen ask. Already tested systems of paying for inactivity have shown, however, that there are differences in inactivity too, so that it is paid for depending on who is closer to power, who has better connections for learning of new measures, who copes better. In the created system in which speculators and criminals predominate, the state also loses. It is estimated that 30 to 40 percent of contributions and taxes on the black market, which for lack of controls are shifted to producers and merchants who are operating honestly. Asking that "a spade be called a spade," the businessmen demanded that the state legalize manufacturing, the possibility that both domestic and imported goods be sold in specialized shops for foreign exchange (as the director of the Economic Chamber of Belgrade, Luka Mackic, proposes). "Foreign exchange must be bought up under economic conditions, at the same exchange rate for everyone, not at the equivalent one to which the state, despite all the announced measures, is still turning a blind eye."

"Will the state (both the republican and the federal) lend more of an ear to the economy, which is its life? Will the belief in honest work return?" the president of the PKJ, Mihailo Milojevic, asked. What was heard instead of a response was the sound of social unrest knocking at the door, while social misery has long since entered the majority of homes.

Serbia

Sandzak Muslims Address Kontic on Question of Status

LD3108193593 Belgrade TANJUG Domestic Service in Serbo-Croatian 1306 GMT 31 Aug 93

[Text] Belgrade, 31 Aug (TANJUG)—The leadership of the Party of Democratic Action [SDA] for Sandzak stresses in a letter to Federal Prime Minister Radoje Kontic that "the memorandum on granting special status to Sandzak does not bring into question the territorial integrity of the FRY. [Federal Republic of Yugoslavia]"

As an official SDA proposal for solving the Sandzak problem, the memorandum expresses the commitment "to resolve the status of Sandzak as a region and the status of the Muslim nation within the framework of the existing state community," the SDA's letter says.

The memorandum is not an ultimatum-like demand and its content is open to changes which must come about as the result of an agreement between the sides involved, rather than as a solution imposed by force.

Sandzak Leader Views Bosnia Plan, Status of Muslims

AU0109100493 Belgrade POLITIKA in Serbo-Croatian 25 Aug 93 p 10

[Report by S. Bakracevic: "Ljajic: 'Memorandum on the Status of Sandzak Is a Basis for Talks'"]

[Text] Novi Pazar, 24 August—"The Serbs in the former Bosnia-Herzegovina took as much as they wanted, the Croats as much as they could, and the Muslims as much as they were given," Rasim Ljajic, the secretary of the Sandzak branch of the SDA [Party of Democratic Action], said in a news conference today. In his opinion, the Geneva peace talks adopted the modified version of the Serbian-Croatian plan for the partition of Bosnia-Herzegovina. The Muslims found themselves "between

the greater Serbia and the greater, but incomplete Croatia, in three isolated parts, so that this country reminds one of a dying patient who is being given a wrong medicine," Ljajic says.

The SDA secretary hopes that the Muslim parliament will reject this partition plan and that the Geneva peace talks will search for just solutions. According to Ljajic, the strong radicalization in Serbia, in which Kostunica is getting closer and closer to Seselj and in which the former democrat Cedomir Mirkovic is dividing Bosnia into a Serbian and a Croatian part, confirms the difficult situation for the Muslims.

Rasim Ljajic does not understand why Izetbegovic's statement about a renewed activation of the Sandzak issue (the Sandzak Muslims should have the same status as the Croatian Serbs) is that shocking, because "this was the slogan of our party as early as 1990." Ljajic believes that the Sandzak issue will be treated again within the Geneva peace talks, but he thinks that the talks in the Federal Republic of Yugoslavia, with the representatives of the Serbian and Montenegrin governments, and especially of the federal government, are of the same importance.

"We are trying to solve the Sandzak problem within the Federal Republic of Yugoslavia, which proves that we are not leading a secession policy," Ljajic says. In contrast to some of his earlier statements, according to which the SDA represented the opposition of the opposition in Serbia, he now expresses his readiness to discuss this issue both with the official Serbian leadership and all Serbian opposition parties of minor and major importance.

Responding to reporters' remarks that the so-called memorandum about a special status of Sandzak does not sound like peacemaking (it is required that this area have its own constitution, its national bank president, its parliament, government, police, legal system, schools, and the army should leave this region), Ljajic says that this document is not an ultimatum, but only a basis for talks. The SDA secretary is also denying statements about the reported division within his party (these are only "marital quarrels with no danger of a divorce"). He also claims that Sulejman Ugljanin, the chairman of the Sandzak branch of the SDA, has not fled the country, but that he is in Vienna now, from where he will proceed to Geneva, because he is still working for the internationalization of the Sandzak issue.

Ljajic again denied the thesis that the Muslims who had gone to study in Turkey returned disappointed. He said that only those who could not pass the Turkish language examination returned, and some whose behavior was inappropriate, because they had been told before they went to Turkey that "gambling, prostitution, and alcohol will not be tolerated."

'Freezing' of Strikes Seen as State Deception

93BA1392B Belgrade BORBA in Serbo-Croatian 12 Aug 93 p 14

[Article by G. Dukic based on interview with Darko Marinkovic, researcher in the Institute for Political Studies; place and date of interview not given: "Deception Instead of Protection"]

[Text] Following the freeze of the two-day general strike of employees in Serbia, the workers launched the slogan: Because the trade union had nothing to offer us to freeze in our freezers, it froze the strike! The freezing of the worker rebellion perplexed trade unionists, above all, members of the other two trade union organizations (the UGS [Unified City Trade Union] Nezavisnost and the Independent (Nezavisni) Trade Unions of Serbia). The scientists are shaking their heads, pointing out that "nothing like this has ever been seen or known of in the theory and history of the strike struggle."

"The institution of 'freezing' a strike does not exist in the contemporary practice of the trade union struggle either. There are two weapons in the trade union struggle as far as the strike is concerned. First, the threat of a strike, which in the countries of an advanced market economy is used the most. The trade unions there are so strong, and the government and employers aware of their power and the economic and political consequences of strikes, that the threat of a strike is sufficient. After it has been made, the employees and the government more or less meet the trade union demands."

In the advanced market economies today, the strike is used relatively rarely. This only indicates its immense power, explains Darko Marinkovic, M.A., researcher in the Institute for Political Studies in Belgrade, one of the leading experts studying the theory of strikes in our country, in an interview with BORBA.

As for the "frozen general strike" in Serbia, in Marinkovic's judgment "this actually was not a general strike."

"I say this because it was organized and led by a pseudounion which has remained the long arm of the state and the incumbent party. My assertion is supported by the fact that the immense majority of the workers and membership of the Serbian Trade Unions are in the worst and most degrading position they have ever been in. This is the third time that the farce with a so-called general strike, that is, announcements of it, has been repeated! This is a deception aimed at calming down the workers and convincing them that someone is protecting them in order to neutralize their dissatisfaction. The ultimate goal of the entire ruse is to head off real strikes and social unrest," Marinkovic says.

"Suspension of a strike and 'setting deadlines for the government' is already well-known in these parts. This is a transparent trick. Incidentally, it is worth looking at what was actually achieved with this strike. Literally nothing. The workers are in a worse position today than

they were yesterday. I would tell the Serbian Trade Unions, following this so-called strike, only one thing: 'Stop protecting the workers! Let them go to ruin on their own.' In the end, I would in no case accept a detailed analysis of this 'strike,' because that would be my personal consent as a researcher—to participate in the deception," Darko Marinkovic, M.A., explained.

State Measures Hurt Petroleum Production

93BA1412B Belgrade POLITIKA in Serbo-Croatian 16 Aug 93 p 7

[Article by Momcilo Cebalovic: "When State Imposes Sanctions on Production: Will Serbia Be Left Without Domestic Petroleum Too?"]

[Text] *We have been harder hit by the measures of the republican and federal governments, which have made the price of derivatives a part of social policy, than by the sanctions of the international community, officials at "NIS [Serbian Petroleum Industry] Naftagas" say; the increase in the production of petroleum and natural gas and the rise in productivity are accompanied by losses; the richest companies are becoming cheaper all the time.*

Will Serbia, deprived of imported petroleum and derivatives, be left without domestic petroleum and natural gas too in a few years?

Production plans at "NIS Naftagas" foresee a drop in production during the third quarter of this year. Dissatisfaction with energy prices at the "Serbian Petroleum Industry" is so great that recently the resignation of general director Milan Djakovic was "hanging in the air." Prior to that, warning letters were sent to several addresses in the republic. Even the latest price hike was delayed, NIS officials say, and we have learned that this was because the chairman of the NIS administrative board, Jovan Radic, was on vacation.

If this price policy continues and if there are no "financial injections" from the republic, "NIS Naftagas" will certainly cut back production and be unable to guarantee even the amount of domestic petroleum and natural gas that it is currently supplying. This can be concluded from the discussion at a meeting of the directors of "NIS Naftagas" concerning six months of that firm's business activities.

The publication NAFTAS stresses on its front page that "the survival of activities has been drawn into question." Figures on the increase in petroleum production of 2.8 percent, in gas production of 22.2 percent, and in productivity of 10.1 percent, while economic activities in our country are fading away, show that the producers have been working. But despite this, all the components of the "Serbian Petroleum Industry" public enterprise, aside from FAM in Krusevac, have been operating at a loss. The total deficit for all of NIS amounts to as much as 405.222 trillion dinars.

"'Naftagas' has never produced more and never been more productive," stressed Bosko Rescanin, an advisor to the director of "NIS Naftagas," "but it has also never had poorer financial results. The sanctions are not and cannot be an excuse for the enterprise's position. Much more damage has been inflicted on us by the sanctions of the federal and republican governments."

"This is my 40th business report, but I have never seen anything like it. Nowhere is there a figure on new drilling sites or prospecting. What will happen to petroleum production tomorrow if there is no prospecting today?" asked Gligorije Karovic, an adviser to the director.

"Without prospecting work there are no discoveries, and we have abandoned everything and switched over to extracting only that which has been discovered," said Svetovid Antic, the director of "prospecting and technology." "We must concern ourselves with production, not politics. We have been harder hit by the measures by our governments and by erroneous policy in the NIS than by outside sanctions. What if we shut down?"

Deputy director Milan Labus, stressing that the proceeds from the production of petroleum and natural gas account for only 6 percent of total proceeds, feels that "politics is leading the NIS. Actually, the federal or republican government is pursuing a stabilization policy through our activities."

State Only Orders

"'Naftagas' is at the brink of the abyss, and the question is whether we will plunge into it on our own or wait for someone to push us. But over the past year," said deputy director Slavko Popovic, "we have been pushed intensively."

It has been heard that there is no longer any money, parts, chemicals, that work place safety is already threatened, that suppliers refuse to provide goods unless paid in advance....

"Because of the interests of society, 'Naftagas' has intentionally neglected prospecting, but this cannot go on any longer," concluded the director of "NIS Naftagas," Srboljub Stankovic.

The current retail price of "super" for coupons, and thus for priority customers, is 21 million dinars. The German mark is around 80 million. Out of the retail price, the state takes 13.1 million from dealers as tax, and that amount must go into the budget. The refinery price of gasoline is nearly 6 million, while transport costs come to 19.9 million. Dealers must pay the state taxes on other derivatives as well. The state is not interested in whether the dealers can collect for the goods that they must supply to priority customers. At the same time, it is clear that the state is simply trying to maintain low production prices through the prices of derivatives. Of course, at the expense of petroleum and natural gas producers.

"At present, the price of one liter of our gasoline is covered by the value of 8.5 kg of petroleum. We have had ratios of 1 to 10 and 1 to 12. In the rest of the world, this ratio is 1 to 5 or 1 to 6," says Stankovic. "For example, the price of natural gas changed six times during the first half of the year. Nevertheless, right now it is 0.7 (gas for energy consumption) or 0.5 (gas for chemical production) percent of the price of imported gas. In six months' time, the price of natural gas has risen 95 times over, petroleum 221 times over, and industrial products 551 times over."

Politicians Manage

Similar complaints can be heard in the electric power industry. They too are not satisfied with the prices of electricity, and compare the price of a kilowatt-hour with that of eggs, mineral water.... Any comparisons on the market today are truly ridiculous. We recall that in an interview, Nikola Sainovic—more than a year ago, as minister of energy—said that under blockade conditions it will be necessary to sacrifice some national resources. He was thinking here, of course, of electricity and petroleum, and probably agriculture as well. No one in these sectors is satisfied, even though Sainovic, currently the Serbian prime minister, and federal Prime Minister Kontic emphasize them as areas of vital importance to which money should go before all else—presumably even before it hits the streets—in order to revive production. Thus, there have been sacrifices, and there will be even more. But even all this could have been predicted.

Cheap gasoline and diesel for agriculture (most of which ended up on the black market) were intended to result in cheap food. But there is no cheap food. The low price of electricity prompted the people to heat with electricity. But even that cheap electricity has now become expensive for most people. The result of all these cheap items is that the very production of electricity, petroleum, and natural gas is in jeopardy. At least that is what experts think. Perhaps politicians do not think so. But they are managing the public enterprises, because of which these enterprises have become state property. Some say that this is in turn no one's property and that it is not possible to be a good landlord with it. These enterprises, once Serbia's best and richest, are becoming cheaper all the time, so that their privatization some day will be easier. The people would call it highway robbery.

DS Leader on Need for Transitional Government

93BA1391C Belgrade POLITIKA in Serbo-Croatian 9 Aug 93 p 9

[Article by Rade Rankovic: "A Time for Emergency Powers, Ration Coupons, and Stamps"]

[Text] Rather quietly, somehow away from the eyes of the public, the Democratic Party [DS] has used this summer for a recalculation of both its own and also the overall road which we have all traveled together over the last two or three years. Conclusions have been drawn, and the Democrats—even before the autumn which is waiting for us, have undertaken several significant operations.

First of all, we should mention the drafting of an economic program suitable for the times, that is, for the crisis in which we are living. And then there is also the attempt to reestablish contacts with the parliamentary parties of the new Balkan states and the old SFRY [Socialist Federal Republic of Yugoslavia], as well as to create a parliamentary delegation that would visit several world centers (Japan, France, Italy, Germany) and attempt to explain that once things move off dead center in Bosnia it is time to raise the issue of the expediency of squeezing Serbia and Yugoslavia any longer with the sanctions.

Insoluble and Soluble Problems

Emergency powers, ration stamps and coupons, new elections, the opposition..., Dr. Zoran Djindjic, chairman of the Executive Committee of the Democratic Party, spoke without much beating about the bush concerning the present political moment. The conversation mainly concerned "domestic" topics, because those are the ones that are pressing upon us by far the most.

In the first place, Djindjic believes, we should sort out our problems into those which are insoluble and those that we can solve ourselves. "The proportion is half and half." And then, he says, taking it for granted that this is the task of the opposition, we put the question to the government as to why it is not doing that.

"The government puts all the problems in one basket and casts responsibility from itself, always pointing to that portion of the problems which cannot be solved. At the same time, it is also evading a debate about itself.

"It cannot be said that the sanctions are to blame for our misfortune, when tens of thousands of people are for all practical purposes enjoying prosperity on the basis of the sanctions. The government is tolerating that or taking part in it. Some other government would eliminate that large portion of profit based on the sanctions, which would make it easier for that other part of the public," Djindjic continued.

"The government is behaving as though the sanctions did not exist, as though we were living in a normal situation, as though a market existed. And people are being ruined under that appearance of normality. Our reality is that we have a government which is not ready to face the truth. We need a radical policy that would not stop short of calling the situation an emergency, because when people are dying of hunger, then that is an emergency."

Actually, according to Zoran Djindjic, in the domain of social welfare policy a state of emergency has to be declared, and those people who can no longer survive on the market must be sheltered from it, and the government has to provide them direct aid, with coupons and stamps if necessary. "It is indispensable to clearly state that a portion of the population cannot live without

direct government help and then to set up an effective network for government aid." Elimination of middlemen, he said, would exclude those who make money on all this.

"The government must draw up a social map of families living in Serbia and single out those who cannot survive. The Democratic Party is working on mechanisms which through a nonmoney form of trade would guarantee that portion of the population its social existence. The government is doing this even now, even now most salaries are actually social welfare, except that someone is making money on this," Djindjic says, adding that then the question arises of why someone has a higher salary or pension than someone else, when neither of them is working.

Pensions and Minimum Payments the Same for All Under the Sanctions

"We will agree on all pensions and all minimum payments being the same so long as the sanctions last. That means that directors and engineers and workers receive the same salaries if none of the three is producing," he continued.

Asked whether he was thereby providing support to ideas advocated by the Radicals, Djindjic replied that we should no longer have prejudices toward those who furnish ideas, but exclusively toward decisions.

"In a year, Serbia could make forward progress, even under the conditions of the sanctions," Djindjic says, and that is certainly a statement worthy of attention in these parts and in a time when everyone is complaining. The condition is to create a good state, administration, and ministries, to waste less.

He found arguments to support this assertion, he says, in conversations with some 50 directors of government and private firms who are managing to do business even under these conditions, with people who know how to work and find a solution, but no one is asking them. "They are willing to give even half of their earnings to the government to be used for aid, but let them keep the other half." This is that part of society that could survive on the market.

During the conversation, Djindjic expressed the view that because neither the government nor the opposition can solve the problems themselves, that the only way out is to find wise men—on both sides—who can come together around that common goal which is above parties, and from politics and its organizations devise a tool for effectively solving the vital problems.

In response to the observation that this is very reminiscent of the time after the last election, when there was a call to form some kind of national salvation government, Djindjic replied that this has to happen sometime.

"This is a transitional government which should bring about the conditions for an election and later division of political space. It has to be created sooner or later, and the only question is the price which we as citizens have to pay for that postponement," he said, arguing that politics must be at the service of society, rather than society being the public that will root for or against a policy.

In response to the question of how these changes are to be made and whether there is a danger of the public simply taking matters into their own hands, without waiting for the politicians to solve the problems for them, Djindjic said that the first question is what should be changed or what should happen, not how, and that this was one of the mistakes into which the opposition has repeatedly fallen in the course of these three years.

Vucelic or Mitevic Are Not Always To Blame

"We have assumed that we knew what the goal was, and people were amazed that we could not agree on how to achieve that goal. The debate about means took the place of the debate about ends, and I think that it is very important for the opposition to return to that original question."

There was a cliche—on the one hand, the government, on the other the opposition, and the intentions of both were known. The position of the Democratic Party is no longer to divide the political stage into the government and the opposition, but to look at activity and intentions. "If some proposal is all right, if it is in the interest of the government and the people, then it does not matter to us whether it is a proposal coming from the government or the opposition.

"This is the moment for the opposition to realize that it is not enough for the government to be bad to make the opposition good. That is not enough—the government may be bad, but people may continue to perceive that government as a government to which there is no alternative. The opposition must think about whether in people's minds it emerges as an alternative to the government, and it must think about its own responsibility. Vucelic or Mitevic cannot always be to blame, but there is also some responsibility of their own for that," Djindjic said, explaining why in our country, but also in the world, Milosevic is still perceived as a factor for stability. "We have to demonstrate that we are also a factor for stability, and this we have not done to a sufficient degree."

Nevertheless, it is felt, there still are no real chances in our country for a million people to go into the street and demand a change in the leadership—although that is politics too. That would be more realistic, he believes, to expect in other countries, like what happened in Albania or Romania.

"Our situation is very complicated, in every man there are diverse emotions which pull in diverse directions. And there is always the emotion of threat to the nation, which is important in this system of priorities."

[Box, p 9]

Macedonia, Slovenia, and Croatia

The leaders of the DS paid a visit a few days ago to the highest representatives of Macedonia, and they are soon supposed to pay visits to Slovenia and Croatia, and even Bosnia—if the situation allows. Zoran Djindjic said that the basic motive behind this step was an attempt to normalize the political atmosphere—"not so much on behalf of any political cooperation in the sense of announcing any institutions, some new state or association."

"We have to extract the economic maximum from our environment. We can draw up a joint concept with our neighbors—our idea is a transportation conception and a conception of economic resources. This is only the testing of that idea, and the gain could be a normalization of relations that would be of some benefit to the public," Djindjic said.

[Box, p 9]

When Will the Sanctions Fall

"In several discussions with representatives of foreign governments, we were told that the outcome of the negotiations in Geneva will not have direct consequences for the sanctions. We were given a vague promise that the sanctions could be removed very quickly if there are certain 'spectacular' changes in Serbia," Dr. Zoran Djindjic said. "We were told openly that no government would dare to raise the issue of removing the sanctions on the basis of the tense outcome of the Geneva negotiations."

Along with the view that our diplomacy made a mistake in not having made the cooperativeness of Serbia and Yugoslavia more openly and clearly contingent upon the course of negotiations in Geneva, Djindjic said that some constructive event here should change the negative charge toward Serbia. "It is not a question of any changes in personnel, but it is a question of a change in style, of the method of political activity."

Constitutional Court Judge on Criminal Acts

93BA1376B Belgrade BORBA in Serbo-Croatian 4 Aug 93 p 12

[Interview with Slobodan Vucetic, judge on the Constitutional Court of Serbia, by Bojana Oprijan-Ilic; place and date not given: "Tragicomedy at Puppet Theater"]

[Text] *What can be said about a state that puts an enormous issue of money intended for the purchase of wheat into circulation through street dealers, or participates in the speculative dealings of "Dafiment" Bank and "Jugoskandik" Bank?*

For years now the rule-of-law state has been a very hot topic in this region, but in recent times, ever since moving completely away from its establishment, it has become part of almost everyday political jargon. Using a classic change of subjects, those who are least interested in the rule of law verbally resort to the rule-of-law state so that it appears that it is the focus of attention because, in fact, it does not exist. Is it possible in a state of narcissistic self-sufficiency, in which laws are insolently violated, to expect a minimum of legitimacy by the regime, or does authoritarianism completely exclude the rule-of-law state? Slobodan Vucetic, a judge on the Constitutional Court of Serbia, spoke to BORBA about this.

[Vucetic] In our country today it would be more convincing to discuss the rule-of-law state through its negative definition. How else when you have a state that is permitting, and even stimulating, the breakup of its own monetary system? For example, it is putting an enormous issue of money intended for the purchase of wheat into circulation through street dealers, and practically participating in the speculative dealings of "Dafiment" Bank and "Jugoskandik" Bank so that instead of effective control over their business dealings it is using citizens' savings deposits to finance party and war programs. What should we think about a state whose National Bank governor threatens to expel from the country journalists who "write negatively," a governor who first received the newest bill from a dealer? How can we call a state rule-of-law when it tolerates unprecedented economic crime, smuggling, and war profiteering, which bring fabulous wealth to common criminals who in practice gain the status of a new class and of the ruling financial oligarchy? And some of their "elite" representatives have held, or still hold, seats in governments and parliament instead of being in prison. Furthermore, this is a state that is unable to prevent the obvious plunder of social property through the so-called transformation of social enterprises into joint-stock companies, which have been bought up cheaply by a narrow group of business structures.

[Oprijan-Ilic] In this type of situation, is it even possible to speak of constitutionality and legality?

[Vucetic] It is hard, because essentially the system of the division of power, which is the basis of its responsibility and constitutionality, does not work. We need only recall how in the "Draskovic case" the president of Serbia, the Ministry of Information, and the Federal Ministry for Human Rights "established" the existence of criminal responsibility, even though that is exclusively under the court's jurisdiction. No proceedings have been launched against the police minister and the immediate perpetrators of the brutal beatings of the opposition leader and of citizens, even though this is a very serious violation of human rights, guaranteed by the Constitution and by laws. At the same time, the most vocal fighters for legality in the Serbian parliament are Arkan and Kertes. But in the same assembly, through a gross violation of the Constitution, the opposition was previously prevented from entering the Chamber of Republics.

[Oprijan-Ilic] How much influence do the wobbly mainstays of the new federal state have on this "agony of rights"?

[Vucetic] Although the FRY [Federal Republic of Yugoslavia] has been in existence for 15 months, thus far a symbolic number of federal laws have been passed, so that their provisions are applied in federal entities. The reasons apparently lie in the various understandings of the character of Yugoslavia and in the struggle for power by several party oligarchies. But two parties from Serbia, the SPS [Socialist Party of Serbia] and the SRS [Serbian Radical Party] have an absolute majority in the two chambers of the Federal Assembly. Thus, the foundation on which the FRY is based—the equality of the member-republics—is essentially threatened. The personnel monopoly and de facto coalition between the SPS and SRS in Serbia and the federation have resulted in a situation where all institutions of the federation are under the control of these two parties: the Federal Assembly, the federal government, the FRY president, the National Bank of Yugoslavia, the Supreme Defense Council, foreign policy, the police, television, TANJUG.... To make matters worse, all these institutions are run by several people (and one in particular), noninstitutionally, which is very reminiscent of a puppet theater, which is ridiculous only at first glance.

[Oprijan-Ilic] What is the influence of this balance of power on the life of the rule-of-law state?

[Vucetic] The two-party coalition in question represents an obstacle to the establishment of a legal system based on the FRY Constitution, since it "allows" only those proposed laws and personnel decisions that promote their party interests. Thus, I fear, it will take quite a long time to truly constitute Yugoslavia. Right now it is reminiscent of a premature baby that, by the will of its creators, has been in the incubator for 15 months now, with a rather uncertain fate.

[Oprijan-Ilic] Thus, deviations in politics are apparently deforming the legal system. How is it that even after the introduction of the multiparty system our state became (or remained) "culpable"?

[Vucetic] Due to a concurrence of various circumstances, the influence of the opposition in the parliaments of Serbia and Yugoslavia is very weak. Its position did not improve in the 1992 election either. On the contrary, the quality of both parliaments worsened in relation to 1990, due to the surprisingly strong showing of the SRS, in whose iron embrace the SPS also found itself. This was a threat not only to the achievement of the minimum of the SPS democratic program, but also to democratic reforms in general. Almost nothing else was heard other than loud patriotic, or actually, nationalistic cries and demagogic phrases about social justice. With such verbalism they cover themselves and hide reality. Because of this, it is a real pity that the opposition is seriously divided and infected with the leadership ambitions of its top figures, while a significant part of it is inclined toward the right and nationalism. This has resulted in a dangerous weakening of the democratic center, without which there can be no political stability in society. At the same time, the threat that extreme nationalist and revanchist forces, which are prone to repression, could prevail over all of society is growing stronger. In the event of greater and increasingly certain social unrest, these forces would not hesitate to use force and misuse the police, and perhaps the military as well. There is no need to explain how close that would be to civil war. I hope that new elections will be scheduled instead of that.

Montenegro

Conflicts, Charges, Allegations in Government

93BA1368B Belgrade VREME in Serbo-Croatian 2 Aug 93 pp 25-26

[Article by Velizar Brajovic: "Government Down for the Count"]

[Text] *One minister has been dismissed, another has resigned, a third one is asking that his dry-cleaning bills be paid, and the minister of finance is leveling charges against the federal prime minister.*

By the will of the Montenegrin parliament, Branko Abramovic was relieved of his duties as minister of agriculture (about which VREME reported in its last issue), but in so doing the ruling party (DPS [Democratic Party of Socialists]) demonstrated a high level of nervousness, hurrying to get rid of the "reluctant" minister as soon as possible.

The DPS would hear nothing of Branko Abramovic's proposal that an Assembly commission be formed to investigate all the allegations and charges.

The minister of agriculture denied that he had inflicted on Montenegro a loss of $33,000; rather, he said, through timely purchases (the price of fertilizer jumped the next day) he had saved his republic an enormous amount of money.

Abramovic showed the deputies a report sent to the MUP [Ministry of Internal Affairs] and to other competent and inspection services to determine where the fertilizer disappeared and who robbed the farmers and Montenegro. "This is how far the conflict with people who have not acted in the interest of farmers and Montenegro has taken me," Minister Abramovic said, noting that he knows their names (and according to our sources, they include some very famous ones), after which he asked Minister of Internal Affairs Nikola Pejakovic to publicly state why there had been no reaction to his reports of theft.

Nikola Pejakovic did not react, while the chairman of the parliament, Dr. Risto Vukcevic, said that the best thing to do is to clear up the matter in court, thus ending debate. The way in which Abramovic was dismissed left a bitter taste in the mouths of even his most virulent opponents; it is clear, however, that Abramovic was stepping on the police minister's feet, especially since the

latter's service has demonstrated incredible ineffectiveness in breaking up the established networks for various types of black-market fraud.

Resignations

The resignation of the People's Party minister from Djukanovic's multiparty government is already being interpreted as fleeing from a sinking ship. This decision was made, Novak Kilibarda says, with the full agreement of two ministers, but surprisingly, vice chairman Rade Perovic asked that debate on his resignation be postponed. I got the impression that the expulsion of Mr. Perovic from the People's Party at the next meeting of the Main Committee would be a mere formality, but that it could provoke another split in the strongest Montenegrin opposition party. However, the People's Party did not withdraw its minister from the federal government, which Dr. Novak Kilibarda explained at a news conference by saying that "we support our representatives there as long as we believe in this state, but if we felt that the federal state had been marginalized by the republican oligarchy, we would withdraw our representatives from that level."

The Liberal Alliance and the Social Democratic Party are also giving serious thought to withdrawing ministers from the Montenegrin Government. These two parties are dissatisfied with the authorities' hesitation in moving more decisively to protect Montenegro's interests and the fact that they are not taking more convincing steps to release the republic from the sanctions under which it is increasingly difficult to survive. This fact is acknowledged by the ruling party, but the various forms of baggage that have accompanied these authorities since the famous popular happening are reinforcing their indecision both in the federal parliament and in local public appearances.

On the other hand, the Djukanovic government and the DPS parliamentary caucus are trying to defend something that is hard to defend, which became especially apparent during the parliamentary debate on Montenegrin health care. Health care workers are dissatisfied not only because of the extremely low level of personal income, but also because of the capricious nature of Minister Miodrad Mugosa, who they are convinced has caused health care to regress, not—as he contends—to advance. Nonsympathizers in health care organizations are subject to persecution, and if any eminent doctor dares to say publicly that drugs and necessary medical supplies are lacking, Minister Mugosa is merciless: He is known for his lack of restraint in settling scores with colleagues, about which the deputies have often warned him. The largest number of charges leveled at the minister, however, are due to the decision to set up "Montefarm," a government drug wholesaler, for the purpose of economizing the procurement of drugs. Hospitals have been ordered to get their supplies exclusively through this wholesaler, and the previously renowned suppliers "Sanitas" and "Unifarm" have been led to the brink of collapse.

Pajamas

The information on the state of health care had just been adopted by parliament, following stormy debate, when doctors at the Podgorica KBC [Clinical Hospital Center] were irritated by an order from the director and chief of staff, Dr. Djoko Jocic, on strict adherence to a restrictive work schedule for July and August, as well as on using drugs with past expiration dates.

"I was officially informed that the majority of clinics are using these and other relaxants and other drugs where the expiration date has passed," Dr. Jocic said, adding that the Belgrade KBC and other Belgrade clinics would be very grateful if we would "hand these drugs over to them, and they would not spend a single moment thinking about whether to use them."

It remains to be seen who will survive the rationalization of ministers, and how the minister of culture—accused of enjoying the good life at the expense of the state coffers—will end up. The government accounting department has received bills for the purchase of clothes and pajamas, as well as bills for dry cleaning, dresses, and skirts—even though the minister is not married.

All these affairs have made the government very vulnerable, which could not be concealed during the five-day session of parliament. Specifically, frequent mention was made of adherence to principles in the conduct of the Montenegrin authorities, especially when at that session positions were proposed and accepted to which they had been categorically opposed at the previous session. The DPS accepted the reading of a letter from the relatives of the travelers abducted in Strpci and sent an appeal to the federal authorities and to the authorities of the republic of Srpska that the truth about their fate be made public as soon as possible.

One thing deemed surprising was the acceptance by ruling party deputies of consideration of an opposition proposal on setting up a Montenegrin state news agency. All indications are that the authorities were secretly hoping for such a proposal, because editorialist Minister Bozidar Jaredic too complained about the conduct of the state media of Serbia and of TANJUG in his opening remarks. Predrag Bulatovic will announce, on behalf of the ruling party, equal treatment of state and independent media and all associations of journalists, which is characterized, even declaratively, as a historic step. After all, it is known how Slovenia and Croatia became independent: The first step was the establishment of state (republican) news agencies.

Thus far, the government has remained silent on the charge that strategic food products are moving from Serbia to Albania through the territory of Montenegro, because of which the decree by Radoman Bozovic on preventing the export of these products was allegedly activated and the blockade at the Montenegrin border was set up several days ago. Nor was there any reaction when this same matter was reported on by a deputy from the People's Party, but because of that DPS deputy

Miodrag Vukovic asked the government, in the form of a question from the floor, to offer the public relevant information on all this immediately, as well as on why all transports to Montenegro are being subjected to rigorous inspection.

On the other hand, Minister of Finance Bozidar Gazivoda is publicly questioning when the responsibility of the federal prime minister will be on the agenda, noting that there is no state protection for the dinar and that uncontrolled prime issue and murderous inflation are hitting Montenegro especially hard. There will also be bitter attacks concerning the nonpayment of obligatory funds for veteran-disability benefits to the Montenegrin pension fund and ridicule for the attempt by the federal treasury to settle last year's debt with the payment of 1,500 German marks, even though at the exchange rate valid at the time it was valued at 1,500,000 marks.

Whether the Montenegrin authorities have realized that they can no longer count on assistance from Belgrade is a question that many people have been asking lately when diagnosing the groggy state in which the Montenegrin Government finds itself.

Deputy Prime Minister on Osimo Agreement

93BA1412A Belgrade POLITIKA in Serbo-Croatian 16 Aug 93 p 7

[Article by D. Becirovic: "Warnings From Montenegrin Deputy Prime Minister Rade Perovic: Revision of Osimo Agreements Should Not Surprise Us"]

[Text] *The Osimo Agreements cannot be a matter only for Italy and the western parts of the former Yugoslavia; they concern all the former members of Yugoslavia, says Montenegrin Deputy Prime Minister Rade Puco Perovic, warning of the necessary preparations that must be made so that the rights and obligations of the FRY [Federal Republic of Yugoslavia] are properly regulated.*

Podgorica, 15 Jul [as published]—Montenegrin Deputy Prime Minister Rade Puco Perovic, someone who is well-informed about relations between the former Yugoslavia and Italy, especially the flow of goods and developments in interstate treaties, is persistently warning of the urgent need for Yugoslav authorities and experts to make intensive preparations and to look to the future. In this case, Perovic sees a need to establish the rights and obligations of present-day Yugoslavia under the Osimo Agreements.

"The Osimo Agreements, as an interstate treaty, are still in effect, but they were signed by the SFRY [Socialist Federal Republic of Yugoslavia] and Italy, and as such activities have been carried out in the entire territory of the former Yugoslavia. For example, since the agreements were signed, part of present-day Yugoslavia has had to give up significant economic activities associated with the transit of certain goods through this territory. Thus, over the last two years in the life of the former Yugoslavia, the exchange of goods carried out under the agreement that passed exclusively through Slovenia has been worth more than $600 million in border-zone trade. In 90 percent of the cases, this trade was conducted by Slovene companies, while 60 percent of these goods were from Serbia and Montenegro. This is because such trade has been legalized and could not be conducted through Montenegro, for example," says Mr. Perovic.

The civil war in Bosnia-Herzegovina, or rather the secession of Yugoslav republics, shifts in the world, and the drawing up of a new world map are forcing countries to devise new strategies.

"The Italian Government's stance was that the question of the eastern borders should not be opened, but that the essence of the Osimo Agreements would be subject to revision. Parliamentary parties feel that Slovenia should not be accepted as the exclusive successor as far as the Osimo Agreements are concerned. Slovenia alone cannot guarantee that these agreements will be maintained," says Perovic, arguing that the best guarantee of respect for relations according to the Osimo Agreements can be offered by the FRY and the European Community, and only then Croatia and Slovenia.

According to Perovic, many Italian analysts feel that it is necessary to establish new ties with Istria, Rijeka, and Dalmatia, but that means a reexamination of Italy's eastern borders. Since once the sanctions are lifted border-zone trade between the FRY and Italy will have to go by new routes compared to those from the former Yugoslavia, and since there is mutual interest in this, it is necessary to prepare for the establishment of such ties with neighboring Italy through Montenegro. Moreover, there will also be a revision of other agreements and treaties entered into by the former Yugoslavia and Italy. Thus, Perovic warns, now is the time, for the sake of our future interests, to make serious preparations to ensure a consistent and honest revision of the Osimo Agreements, in order to allow for the continuity of the rights achieved on the Italian market and beyond. Because we should not be caught off-guard by these changes; we must participate in them, and prepare for them thoroughly, says Perovic.

Poverty, Unemployment Increasing Dramatically

93BA1391D Belgrade POLITIKA in Serbo-Croatian 9 Aug 93 p 5

[Article by Dragomir Becirovic: "Montenegro Now Has Beggars as Well"]

[Text] Podgorica, 8 Aug—Until three or four years ago, you could never meet a beggar in Montenegro, and those who came from other parts of the world would tell about people looking for food in dumpsters. People here did not really believe those stories. Today, they are confirmed before their eyes at every step even in Montenegro.

A third of the inhabitants of Montenegro are surviving, or, better put, remaining barely alive, thanks to scant social welfare. There would be many such unfortunates among the other 620,000 inhabitants of Montenegro if it

were not for the countryside and mountain pastures, if it were not for old parents who had remained there, keeping a few cows or sheep. Today, the cow is the greatest source of food in Montenegro.

Social Welfare—13 Million Dinars

Thousands of workers have been driven out either by the sanctions or by privatization and speculation in business firms; they have lost their jobs or they are in a "state of weightlessness" as far as work is concerned, because for months they have not been going to the factories. The number of unemployed is rising steadily and has already reached the figure of 80,000. The real number of the unemployed is almost equal to the number of inhabitants of Montenegro. An exception should be made for a few tens of thousands of government personnel and people in public services of the government. Industrial production is half what it was last year. You can just imagine what production is when there was none last year anyway. The news items indicate that social work centers last month paid 13 million dinars per person to the needy, and two days ago the miners in Pljevlja received their July salary in the amount of 26 German marks (at the rate of 40 million per mark). The authorities have tried by printing money to make up what could not be earned in the factories, which are empty and silent. Topcider, the best ally, has printed enough bank notes to give the impression of high salaries for those in public and major enterprises, but what good is it when people cannot get that paper, because supposedly the banks do not have any money? The printing, however, immediately had an impact on the street, where the value of the mark jumped up. In vain, people laid siege to the banks, which were supposed to give them their salaries, but to no avail: The street economy has closed the door to the public. First, the government dealers and those other dealers pass the newly printed bank notes through their hands, take away their value, and only then can the workers expect in a few days to get money which has been "licked away" by at least one-third.

In Berane, there are 7,000 unemployed, or 2,000 more than those who are supposedly employed. Following bankruptcy, 3,000 workers have become unemployed, and 5,000 pensioners in that city cannot buy with their pension even a kilogram of green coffee, as they refer here to unroasted coffee being sold in the open-air market. In Cetinje, the imagined capital of the Montenegrin electric distribution system, nearly 3,500 workers are on mandatory leave. The average pay for July was supposed to be about 800 million dinars, but where are the bank notes to be found, because there is no cash in the banks? In Kotor, there are 1,800 workers on mandatory leave. In that once rich city, there are 320 families receiving social welfare. In Podgorica, there are 3,000 such families with 9,000 members, and 18,000 pensioners in the center of the republic are living in such a way that few people know the secret of their survival, nor that of those 70,000 in the republic.

"No one knows, for example, when someone last bought a kilogram of smoked meat in Mojkovac," the newspapers have reported. It does not exist, nor does the money, and about 1,000 people are regular beneficiaries of aid from the social welfare center. In Herceg-Novi, the tourist city, 275 families are receiving social assistance. In Ulcinj, there are also about 300 families. Who knows how they survive on earnings less than those considered to be income just to prevent death from starvation?

Businessmen From Spuz

Nearly 8,000 workers in Niksic are on mandatory leave, and 800 families are receiving social assistance. There are 12,800 refugees in that city. Almost all the refugees are women, children, schoolchildren, university students, and the elderly. More than 95 percent of the refugees are in the homes of citizens of Niksic. The families who have taken in the refugees are also on the verge of poverty. In Pljevlja, 800 families are receiving material support. In Kolasin, they say that the habituation to poverty there is much faster than the mountain people admit. They are getting very poor, but the mountain people do not like to complain, they save their pride and are still silent. In Montenegro, there are also 70,000 refugees.

Poverty has thus crept in beneath Lovcen, but also on the other side in Podgorica, Budva, Cetinje, and in all the other towns one can see the most modern highway "dragons" and in them some new businessmen. Stuffed to the gills with money, their treasuries are full, and many are building mansions, hotels, and apartments on the coast. Until recently, until this new "market economy," many such people had places reserved where there is no vacancy, in Spuz. Today, their "initiative," obviously with abundant help from the "market-oriented state," has blazed up to such an extent that they have diverted what once was the national income into their own business, often not exactly clean, and they are trampling down everything in front of them, the poor population most of all.

High-altitude Montenegro has reached the economic bottom, misery and poverty. The people are suffering at the moment.... They would like more than social assistance, and presumably they deserve it.

Kosovo

Rugova, U.S. Envoy Discuss Situation in Province

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[Text] Tirana, August 30 (ATA)—Dr. Rugova, president of the republic of Kosova, met with the interim charge d'affaires of the U.S. Embassy in Belgrade, Rudolph Perry, accompanied by Steven Black, political adviser of the embassy.

The talk focused on the current situation in Kosova, which is aggravating due to the increasing repressive

actions of Serbians following Belgrade's decision to expel the CSCE mission from Kosova.

President Rugova emphasized that the political status of Kosova should be settled on the political will of the people of Kosova who are for the independent and neutral Kosova and for putting the region under the international protection. This would hinder the outburst of conflict and would make possible the negotiations on the future of Kosova.

Economic Power of Kosovo Albanians Expanding

93BA1391A Belgrade POLITIKA in Serbo-Croatian 13 Aug 93 p 12

[Article by Milan Laketic: "Using Money To Get Power"]

[Text] Pristina, 12 Aug—Although the economy in Kosmet has always been in the shadow of political events, in the present political blind alley in Kosovo and Metohija economic power is becoming a new weapon in the fight for the southern Serbian province. And while the Albanians are carried away with the creation of an imaginary Republic of Kosovo, and the Serbs are bickering over power, economic processes are taking place with fantastic speed in Kosmet and, if they continue at the pace they have had up to now, in the near future they will have an exceeding impact in determining Kosmet's political coordinates.

The economy of Kosovo and Metohija was in collapse even before the sanctions, and now the factories maintaining any kind of production can be counted on the fingers of one hand. Trepca's witch's brew has all but shut down every mine here. The lack of money is also having the effect that Elektroprivreda is awaiting winter with anxiety, and Feronikel in Glogovac could be the first page in the chronicle of Kosovo's dead capital.

Altered Money Flows

The government has managed at great pains to preserve most of the economic capacities in Kosmet so that in the process of privatization they do not pass into the hands of Albanian separatists. However, developments at the moment indicate that in a short time the economic structure of the province will be considerably altered; that is, money flows have shifted entirely to the terrain of so-called small business, which in Kosmet is controlled by Albanians. According to figures from the Kosovo Okrug, 98 percent of the private firms in Kosovo and Metohija are owned by Albanians. And while government money is losing value through short-term loans to the ruined economy, even though these are said to be commercial credits, the private operators, in this case Albanians, are doubling their money.

Evidence to support the assertion that the Albanians in Kosovo and Metohija have built up their own settlement system can be found at every step. In the open-air market—where products are even several times more expensive than in the cities of "Serbia proper," in private shops, and on the market for so-called strategic raw materials, everything is paid in foreign exchange and in cash. At the same time, all articles from stores in the socialized sector, including drugs, are passing over into private stores. After all, with 100 or so German marks [DM] one can buy nearly half of the store. And there is plenty of foreign exchange in Kosmet.

Those employed abroad are the principal source. About 300,000 Albanians from Kosovo are employed abroad temporarily. The calculation is simple. If each of them sends to Kosmet DM1,000 a month, the province is receiving about DM300 million every month. That is the main source of the economic superiority of the Albanians in these parts.

A Simple Formula

Aside from the money from the guest workers, money is also coming from the smuggling of drugs and arms and from other types of crime. Last month, a financial policeman in Suva Reka, as we have written, was himself surprised when the owner of one of the largest "markets" in this little town paid his taxes with two "sunflowers," which is the name given here for the 100,000-dinar note. The documentation was beyond reproach, and the debt to the government was avoided. The formula is simple and is widely applied. Business payments are made in foreign exchange, but for the government a separate accounting is made up in dinars, and payments are postponed for a month or even three months. And it is only on that amount that tax is paid when the time comes. In the meantime, of course, hyperinflation has only strengthened the positions of the taxpayers.

Analysts of events in the province compare the number of DM300 million, which is assumed to be coming into Kosmet monthly, with the datum that in the first five months of this year the financial police collected taxes amounting to about 400 billion dinars. In this way, they prove that the government controls a negligible portion of the capital in Kosmet.

Even when the financial police and other government agencies of Serbia were working irreproachably, an enormous amount of money was outside their control. After all, the gray economy is all about conquering economic space, and in Kosovo and Metohija this could have political consequences. The Serbs and Montenegrins, tied to the socialized sector that is going to ruin, are living off trade union reserves, while the Albanian businessmen are augmenting their capital with the help of corrupt individuals in the government.

Under such conditions, a time is awaited in Kosmet when the title to power must be verified by economic power. Then Serbia could face the problem of Kosmet in its true light. And then the officials who now are partially responsible, that is, participants in this unique siphoning of capital, will look at the entire trouble from "modest" little houses which they have bought "for an emergency" somewhere between Vrnjacka Banja and Kraljevo, between Smederevo and Belgrade.